

# FINANCIAL TIMES

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## World News

### Brussels urged to clamp down on fraud

The British Government is urging its European Community partners to step up the fight against EC fraud on all fronts. The UK proposals, contained in a confidential document circulated to member state governments and the European Commission, came as the Commission reacted angrily to allegations by Sir John Hoskyns, retiring director general of the UK's Institute of Directors, that Brussels bureaucrats were intellectually and financially corrupt. Page 16

**Likud gains ground**  
Israel's Labour party's claims to represent the political centre of the country were demolished by the results of nationwide municipal elections in which sweeping gains were made by the Likud party headed by Mr Yitzhak Shamir, Prime Minister. Page 4

**Mass Serb protest**  
Ethnic tension in Yugoslavia continued as thousands of angry Serbs gathered outside Parliament in Belgrade, demanding an end to alleged violence against Serbs in the province of Kosovo. Page 2

**Sudan impasse**  
Sudan's trade unions joined the armed forces in calling the bluff of Sadiq al-Mahdi, Prime Minister, by refusing to give the Government an undertaking that they would not strike while he grapples with political crisis. Page 4

**Namibia progress**  
The process leading to independence for Namibia appears to be well underway following election of the interim "transitional government" and the arrival in Windhoek of military officers of the special UN task force. Page 4

**Daley win in Chicago**  
Richard M. Daley won the Democratic primary mayor nomination in Chicago beating Mayor Eugene Sawyer and advancing to the April 4 general election.

**Burma election law**  
Burma announced a draft election law which would theoretically bar military officers currently running the country from standing for election. Page 4

**Brundtland test**  
Norway's formidable Prime Minister, Mrs Gro Harlem Brundtland, who faces a general election in September, will seek to stamp her personal authority on the Labour party conference in Oslo. Page 2

**Partition rejected**  
George Vassiliou, President of Cyprus, rejected partition, as a solution of the Cyprus problem and stressed that a settlement could be reached only on the basis of reunification. Page 2

**Madrid Rock offer**  
Gibraltarians could keep their British nationality if the colony returned to Spanish rule, Spanish Foreign Affairs Sub-Secretary Innocencio Arias, told a parliamentary committee.

**Jumbo passengers**  
Twelve overweight passengers were asked to leave an Olympic Airways Boeing 737 flight from the Greek island of Samos so the aircraft could get off the ground as the weight ratio of passengers to fuel and luggage had been exceeded.

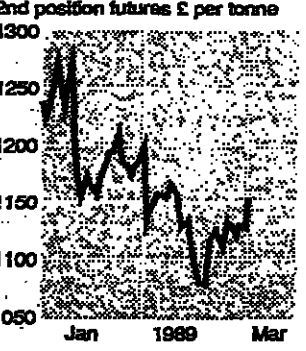
## Business Summary

### Dresdner and Allianz in pact on marketing

ALLIANZ, Europe's biggest insurance group, and Dresdner Bank, West Germany's second biggest bank, have agreed to sell a wide range of each other's banking and insurance products over much of central Germany in response to the decision in December by Deutsche Bank, Germany's biggest bank, to enter the life insurance business. Page 17

COFFEE prices rose sharply yesterday, although the market closed off the highs after profit-taking and a partial starting rally in the afternoon. The

### Coffee



tightness of supplies of coffee for nearby delivery and the overall weakness of the pound pushed the May robusta contract to £1,152 a tonne, up £26. Commodities, Page 23

WPP, British marketing services company which took over the larger New York-based JWT Group 18 months ago in what the bull market's most ambitious bids, announced pre-tax profits almost trebled from £14.1m to £40.2m (£69.9m) in 1988. Page 17

GENERAL MOTORS, world's largest automobile manufacturer, is to pay an extra \$1bn in cash and securities to the charitable institutions from which it bought the Hughes Aircraft Company in 1988. Page 15

ROMBARDINI, Canadian company that makes the Challenger business jet, said in Montreal that it had made a bid to buy Short Brothers, Belfast aerospace company the UK Government wants to privatise. Page 8

DESIGNS for a possible second-generation supersonic airliner to replace Concorde in the early years of the next century are being studied by British Aerospace and Aerospaciale de France. Page 16

SHELL Exploration and Production signalled its intention to proceed with the E700m (£1.5bn) development of the Gamet complex of four oil fields in the central North Sea. Page 8

BANCO Espanol de Credito (Banesto), of Spain, is believed to have spent Pta3.5bn (\$30.7m) supporting its shares on the Spanish bourses as trading resumed in its stocks following the collapse on Friday of plans to merge with Banco Central and so create Spain's biggest bank. Page 18

HONG KONG Government will run up a record budget surplus of HK\$14.2bn (£1.8bn) in the fiscal year which ends this month. Page 4

NOKIA, Finnish electronics, cable, rubber and paper products group, reports a strong growth in net sales and a steep decline in profits following massive acquisitions in electronics last year. Page 19

HUNGARY is considering a shift in its foreign trade away from Comecon and towards the West in order to lower its near-\$18bn debt. Page 6

EUROPEAN Commission officials reacted with some scepticism to reports that European Free Trade Association leaders were to consider the possibility of joining the EC customs union. Page 2

## UK trade deficit fails to trigger interest rate rise

By Peter Norman, Economics Correspondent, in London

BRITAIN recorded its third worst trade deficit in January but the figures were not bad enough to trigger an immediate increase in interest rates. Figures released yesterday showed that the current account balance-of-payments deficit rose to a seasonally adjusted £1.7bn (£2.99bn) from £1.26bn in December, while the deficit on visible trade increased to £2.1bn from £1.78bn.

Sterling lost ground in somewhat erratic trading, in spite of modest Bank of England support against the dollar. Share prices closed higher.

The Treasury was quick to warn that financial markets should not place too much emphasis on monthly movements in Britain's very erratic trade data. However, it also attempted to put a favourable gloss on the January current account deficit, which was higher than the £1.5bn consensus forecast by City of London economists.

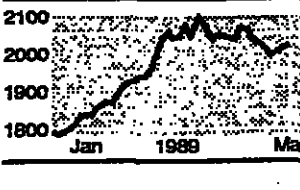
After beginning the week fearful that adverse trade statistics could lead to one percentage point rise in bank base rates, a sense of optimism built up in financial markets ahead of the announcement.

The figures failed to impair the buoyancy of share prices, but currency markets were more sceptical, particularly in New York where some heavy

### Sterling

Against the D-Mark (DME)  
3.30  
3.28  
3.22  
3.18

### FT-SE 100 Index



commercial sales pushed sterling lower.

The Treasury said the figures showed exports at a record level and continuing their upward trend, while consumer goods imports in January showed a fall consistent with other evidence of slowing consumer demand in Britain.

Although imports were also a record, the Treasury said that strong growth in capital goods deliveries showed that British industry was continuing to invest, despite the increases in base rates from 7.5 per cent to 13 per cent between June and November last year. However, the Department of Trade and Industry's figures did not suggest an imminent

### turnaround in Britain's trade and payments position.

They showed a 7 per cent jump in seasonally-adjusted visible exports, to £7.57bn in January compared with December, and a strong advance in imports, by 9.5 per cent to £3.47bn.

In line with recent practice, the DTI estimated that Britain achieved a £600m surplus in the month on invisible trade, which covers items such as banking, insurance and tourism.

The Bank of England yesterday intervened modestly on two occasions to support the pound against the dollar, but sterling lost ground in London to close 2 cents down at £1.7245 and 1 1/2 pence off at DM3.1650.

Share prices in London fluctuated after moving upwards ahead of the figures. The FT-SE 100 share index closed at 2,021.3, up 18.9, while the FT Ordinary Share Index gained 14.1 points to 1,664.1.

City of London economists interpreted the Treasury's commentary on the figures as a sign that Mr Nigel Lawson, Chancellor of the Exchequer, wanted base rates held at 13 per cent, in the belief that the credit squeeze was successfully curbing domestic demand. Editorial comment, Page 14; Lex, Page 18; Markets, Section II

## Venezuela secures \$453m credit in deal with IMF

By Joe Mann in Caracas

THE Venezuelan Government is to receive a \$453m credit next month from the International Monetary Fund to stabilise the country's economy.

The deal came after two days of rioting that left more than 80 people dead and hundreds injured. The riots were in protest at a tough economic programme introduced by President Carlos Andrés Pérez's month-old administration in line with the IMF's demands regarding a letter of intent.

Mr Pérez, appealing for calm, underlined his government's determination to continue with its economic programme.

At the same time, he said, business and labour associa-

tions had agreed to provide a general increase of 831 per cent for most Venezuelan wage earners, starting on March 1, to offset recent increases in transport. This appeared to back up his promise on Tuesday night to help low-income families.

Earlier on Tuesday the Government temporarily suspended basic constitutional rights and imposed indefinitely a nationwide curfew - moves which are unprecedented in a quarter of a century.

Yesterday traffic in the capital was light and queues formed at stores and petrol stations. Police and soldiers still patrolled the city and only a

few banks and offices were open. Schools and most shops remained closed.

The Defence Ministry began issuing conduct passes for people who needed to travel during curfew hours, which run from 8pm to 6am.

Under arrangements worked out this week with the IMF, the Government will obtain loans totalling \$4.32bn from the Fund and other lending bodies over the next three years.

Venezuela is seeking credit from a variety of sources. It has applied to the World Bank for a loan of about \$900m this year and is negotiating for a \$1.1bn bridge credit from the US Treasury Department.

## Enterprise wins auction battle for Texas Eastern's oil assets

By Steven Butler in London

ENTERPRISE OIL, Britain's largest independent oil company, yesterday emerged as winner in a hotly contested auction, paying \$1.4bn cash for the oil exploration and production assets of Texas Eastern, the US gas transmission company which has agreed to be taken over by Texas Panhandle, a competitor, for \$3.2bn.

Enterprise also announced a rights issue of 250m shares, one of the biggest share issues since the stock market crash of October 1987. The deal was seen as freeing Elf Aquitaine, the French oil group which holds a 25.2 per cent stake in Enterprise, to launch an immediate takeover bid. Enterprise shares rose sharply, closing up 22p at 547p.

The Enterprise purchase consists of 411m barrels of proven and probable oil and gas, including the company's reserves by 61 per cent to 1.1bn barrels. The reserves are mainly in the UK sector of the

North Sea, but there are also large reserves in Norway, giving Enterprise its first substantial overseas presence.

Mr Graham Hearne, Enterprise chief executive, also said that ICI, the chemicals group, and Enterprise had agreed to cancel the investment protocol agreed in 1986 when ICI acquired its 24.9 per cent stake in Enterprise. The protocol restricted means by which ICI could dispose of the shares.

However, ICI has agreed to subscribe to its full entitlement under the rights issue, amounting to £142m, and would retain its two seats on the Enterprise board.

Elf Aquitaine, in Paris, said it was studying whether to take up its rights. The Texas Eastern assets were put on the market following a hostile \$2.6bn bid for the company by Coastal, US pipeline company, Texas Panhandle emerged as a "white knight" offering a higher bid

with the aim of selling the oil exploration assets for cash.

Two Enterprise shares in the form of convertible loan stock will be offered to existing shareholders for each five held at 450p each. The stock is payable in two instalments of 225p to take account of the possibility that Texas Eastern's UK partners will pre-empt the deal. If this happens, Enterprise will reduce or eliminate the final payment, according to the assets actually acquired.

Enterprise also announced 1988 results, in which earnings per share rose from 17.5p to 24.0p, with a full-year dividend increasing from 9.5p to 11.0p.

British Petroleum yesterday raised \$334m by selling royalty interests in its Alaskan Prudhoe Bay oilfield, amounting to 10.3 per cent of the first 90,000 barrels of BP's daily production. The transaction was the largest private placement of an oil royalty trust. Lex, Page 18



Shifting argument: Tower (right) with President Bush this week

## Tower tries to shift argument on nomination

By Peter Riddell, US Editor, in Washington

MR JOHN TOWER yesterday defended his embattled nomination by claiming he would be an "aggressive and hard-nosed Defence Secretary" prepared to make the necessary cuts in Pentagon spending.

His attempt to shift the argument on to his defence expertise rather than his alleged personal failings came as the Senate prepared to start what may be a long and bitterly partisan debate.

Senator George Mitchell, the Democrat majority leader, yesterday declared his personal opposition to Mr Tower and Republican leaders conceded that they did not yet have enough votes to win approval for the nomination with no declared defections from the Democrat majority in the Senate.

Following late discussions on Tuesday with President George Bush, Republican leaders in the Senate launched a strong counter-attack against the Democrats for usurping the right of the president to choose his Cabinet. They sought to make a direct appeal to voters in face of opinion polls showing the US public itself sharply divided.

In a lunchtime speech to the National Press Club here, Mr Tower spoke as if he were already in charge of the Pentagon. He discussed the internal reviews of strategic policy and of management and procurement, in which he was already involved, and stressed his willingness to take unpopular decisions to restore public and Congressional confidence in the Pentagon.

A combative Mr Tower compared himself to fellow Texan Col William Travis who led the defence of the Alamo proclaiming "I shall never surrender or retreat." Then, realising that the Alamo had been taken by

the Mexicans, Mr Tower laughed and sought to shift the comparison.

Referring to allegations about a conflict of interest in his role as a consultant to defence contractors, he said "ignorance of the defence industry is no virtue."

He said that what was at issue was whether character assassination was a legitimate and acceptable means of the exercise of political power, if so, that would represent "a new and ugly phase in American politics."

Mr Tower, who also challenged standards of Congressional behaviour, such as drinking and acceptance of money, was clearly aiming to rally public support.

Mr Tower's hopes of success depend on holding all 45 Republicans in the 100-member Senate, and winning over at least five of the 55 Democrats. Vice-President Dan Quayle would have the casting vote.

Since his return from the Far East last on Monday, Mr Bush has been talking to uncommitted Senators. But so far no Democrats have publicly come out in Mr Tower's favour, though one or two are leaning in his direction.

Mr Tower's cause has been particularly damaged by the opposition of Senator Ernest Hollings, who had been regarded as potential Democrat defector. He said the Federal Bureau of Investigation report on the allegations against Mr Tower contained "corroborated facts - the words 'crooked', 'bombed', 'excessive drinking', 'sloshing', 'stoned', 'comatose' - too much of that."

Because of his record, Mr Tower could not serve in the nuclear navy, Mr Hollings said. Reagan budget revived, Page 3; Baker budget is cautious, Page 16

## Smokeless cigarette fails to set world alight

By James Buchan in New York

BJR NABISCO's decision to scrap its so-called "smokeless" cigarette is one of the most expensive new product failures in US business history. It is also a big setback for the second-largest US tobacco company and for the entire industry.

BJR Nabisco announced late on Tuesday it was withdrawing its revolutionary Premier cigarette after just five months from test markets in Arizona and eastern Missouri. "We do not expect to reintroduce it," said Ms Betsy Annes, a spokesman for the company's RJ Reynolds tobacco division yesterday.

Other tobacco companies, notably Philip Morris, are expected quietly to pursue research into smokeless cigarettes, but at a modest priority.

Premier, which has cost BJR hundreds of millions of dollars to develop over the past seven years, heats rather than burns tobacco and produces almost no "sidestream" smoke from its tip. But retailers say smokers in the test markets, Phoenix and Tucson, Arizona, and St Louis, Missouri, complained volubly that Premier both tasted and smelled bad.

"It tastes like you're smoking plastic," said Mr Gene Heavener, assistant grocery manager at a supermarket in a Hispanic neighbourhood in Tucson yesterday. "People tried it and didn't like it and went back to Marlboro. And the press never gave it a chance."

The brusque decision to pull Premier off supermarket shelves marks a first big intervention in BJR's business by Kohlberg Kravis Roberts, the cost-conscious investment firm that bought the company for \$25bn late last year.

KKR assumed a record level of high interest-rate debt to finance the deal and is thought to be unwilling to spare scarce funds for a project which has already consumed as much as \$500m in research, capital spending and promotion costs.

Premier was a pet project of Mr Ross Johnson, BJR's chief executive who was ousted by KKR. It was a riverboat gamble designed to transform the troubled US tobacco industry which is declining at a rate of about 2 per cent a year under intense fire from doctors and health authorities.

Premier was also supposed to lift BJR from its perennial

Continued on Page 16



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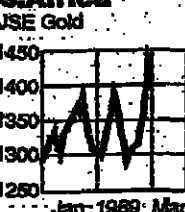
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London EC 2V 8EY  
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## MARKETS



STERLING  
New York Institute  
\$1.7225 (1.74315)  
London  
\$1.7245 (1.7445)  
DM3.1650 (3.18)  
FF10.77 (10.615)  
SF2.7025 (2.7125)  
YF21.0 (22.125)

DOLLAR  
New York Institute  
DM1.8380 (1.8225)  
FF6.2550 (6.2045)  
SF1.5705 (1.556)  
YF28.0 (28.675)

London  
DM1.8380 (1.8225)  
FF6.2450 (6.2)  
SF1.5675 (1.5525)  
YF28.10 (28.65)

GOLD  
New York  
Comex April  
\$328.7 (320.4)

STOCK INDICES  
New York Stock Exchange  
Dow Jones Ind. Av.  
2,255.71 (-2.88)  
S&P Comp.  
288.50 (-0.36)  
London  
FT-SE 100  
2,021.3 (+18.9)  
World  
143.50 (Tue)  
Tokyo  
Nikkei Ave  
31,964.50 (-21.50)  
Frankfurt  
Commerzbank  
1,837.3 (+18.6)

OEI  
Brent 15-day (Argus)  
\$17.35 (+0.25)  
(March)  
West Tex Crude  
\$18.325 (+0.20) (April)

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Norway's formidable Prime Minister, Mrs Gro Harlem Brundtland, who faces a general election in September, will today seek to stamp her personal authority on the Labour party conference that begins in Oslo. Page 2

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EUROPEAN NEWS

Serbs again besiege parliament in Kosovo protest

By Judy Dempsey in Vienna and Alexander Lebl in Belgrade

THOUSANDS OF angry Serbs gathered for a second day outside Belgrade's parliament yesterday, demanding an end to alleged violence against Serbs in the province of Kosovo.

The demonstrations were timed to coincide with an unscheduled meeting of Yugoslavia's National Assembly to discuss what action to take in Kosovo, where Albanian miners earlier this week forced the resignation of three pro-Serbian officials from the local party leadership.

On Tuesday, half a million Serbs marched through Belgrade in protest at the resignations of Serbian officials in

Kosovo. In Kosovo itself, tanks and troops were again reported to be patrolling the roads of the province in what is thought to be the biggest show of strength by federal troops in the province for eight years.

The Albanian miners had claimed that Mr Rahman Morina, party leader of Kosovo, Mr Husamedin Azem, head of the party in Pristina, Kosovo's provincial capital, and Mr Ali Sukrija, a member of the party's federal central committee, had supported moves to give Serbia greater control over the province.

Serbia, which is led by Mr Slobodan Milosevic, a powerful

and nationalist-inspired politician, gained more say in the province's internal affairs last year after both the federal party and government leadership agreed to changes in the constitution. On Monday, Mr Rado Dizdarevic, Yugoslavia's President, confirmed that that decision would not be reversed and an emergency session of the party is expected to support it.

This will undoubtedly boost Mr Milosevic's standing among his nationalist supporters, who repeatedly claim that the 200,000 Serbs in Kosovo are being forced to leave the province because of discrimination

against them by the ethnic Albanian majority.

However, it is likely that the ethnic Albanians will not lightly accept the decision. They argue that any erosion by Serbia of Kosovo's autonomy, granted by the late President Tito in 1974, will strengthen Serbia's overall political dominance in the Federation.

Officials in other republics, including Slovenia and Croatia, yesterday accepted the resignations of the Pristina city committee as a fait accompli. They believe it is the price to be paid to persuade miners to leave the pit after eight days.

Trends in Kosovo suggest

that the 2m-strong ethnic Albanians are adopting a more thoughtful strategy in their attempts to regain autonomy. Back in 1988, they took to the streets, after years of terror by the late Mr Alexander Rankovic, then Interior Minister. President Tito granted them greater autonomy which only served to sharpen their sense of national identity.

In 1981, young, educated, unemployed Albanians, many shouting nationalist and separatist slogans, rebelled. The army was sent in to crush what some Yugoslavs believed to be an attempt by ethnic Albanians to break away from

the Federation.

But now that Serbia exercises more control over the province, the pattern of unrest by the ethnic Albanians has changed. Demonstrators in Pristina last November insisted they were pro-Yugoslavia. No violence was used, and last week they repeated their commitment to a united Yugoslavia, a slogan difficult to interpret as separatist or nationalist.

The upshot is that Mr Milosevic's strident nationalism and Kosovo's insistence that it is pro-Yugoslav have deeply divided the country.



President Dizdarevic (left picture) and Serbian strong-man Slobodan Milosevic address tens of thousands of protesting Serbs in Belgrade



Big turnaround in Turkey's current account last year

By Jim Bodgener in Ankara

TURKEY HAD a current account surplus of about \$1.5bn last year, according to early official calculations in Ankara. This would be the highest surplus since 1973, and a dramatic turnaround from the \$987m deficit in 1987.

It is a golden opportunity for Turkey, but difficult to assess, said Mr Gazl Erceal, of the Treasury and Foreign Trade Undersecretariat. Other officials said the Government was working on measures to make the most of the situation.

The surplus may help correct domestic imbalances, including an inflation rate of around 75 per cent in the year to the end of January. Appropriate measures will probably be introduced after the local elections on March 26. However, for the sake of co-ordination, officials said privately yesterday that Mr Turgut Ozal, the Prime Minister, needed to find a replacement soon for Mr Yavuz Canevl, the former Treas-

ury head and a casualty of the New Year struggle between bureaucrats and Mr Ozal's young, Western-educated advisers.

Turkey has never had such a commanding opportunity to fine-tune the relationship between the domestic and external balances, the officials added. In 1973 when the surplus was last so high, there was an unhealthy dependence on workers' remittances from Europe.

Last year's surplus arose mainly from a 40 per cent cut in the trade deficit to \$1.9bn. To this was added a boom in tourist earnings of \$2.4bn. Export and import figures have not been finalised for December, but appear to have broadly balanced at about \$1.5bn.

Indications are that gross national product grew by only 4 per cent last year, when the Government sought progressively to cool the economy overheated in 1987, growing by 7.2 per cent.

Brundtland looks to tighten grip

By Robert Taylor in Oslo

NORWAY'S formidable Prime Minister, Mrs Gro Harlem Brundtland, who faces a general election in September, will today seek to stamp her authority on the Labour party conference that begins in Oslo.

Nobody can doubt that Mrs Brundtland dominates Norwegian politics. "On present form she should stay in power in the autumn," says the country's chief political analyst, Dr Henry Valen of the Institute of Social Research.

Latest opinion surveys suggest that Labour has a 35-36 per cent of popular support, less than the 40.8 per cent it won in the 1985 general election but a distinct improvement on the less than 30 per cent of a year ago.

Mrs Brundtland has headed a Labour Government since the economic crisis in May 1986, without an overall majority in Parliament, and she may well go on doing so after September unless the opposition parties can find some common ground.

The Prime Minister is not without her troubles. Unemployment has climbed above 4 per cent, the highest since the thirties, and this disturbs many party faithful. Earlier this week the Government announced a package of measures to try to reverse the upward jobless trend but this may not prove enough to calm rank-and-file fears.

Moreover, there is an inner party battle over the election of a deputy leader which could end in a setback for Mrs Brundtland. The favourite to win is an old-style working class socialist, Mr Thorbjorn Berntsen, who does not fit in with the modern revisionist image of the party.

But Mrs Brundtland, with a growing international reputation, should not find too much difficulty in convincing her party that Labour has a persuasive message for the voters.

Says Dr Valen: "She will be able to tell the voters that the opposition parties ran away from office in May 1986, but Labour showed it was ready and able to govern, and the necessary unpopular measures to rescue the economy."

Last weekend she achieved a real success when the unions and employers agreed to a national wage agreement worth 3.7 per cent, which should ensure a further downward pressure on costs during 1989 after the success of her 5 per cent statutory wage and prices policy last year.

With the slow but steady progress towards a more balanced economy through a relatively austere reduction in private demand and good export performance from Norway's traditional industries, Labour will be able to show some confidence that it is leading the country to more stable and prosperous times.

Mrs Brundtland is also going to benefit from growing media exposure over the coming weeks. In a fortnight she will preside at a special conference of the European Free Trade Association heads of government.

There is also her Government's own economic strategy plans for the next four years to be announced shortly.

Seizing the political initiative, Mrs Brundtland also intends to spell out her vision of how Norway should evolve to the end of the century.

No wonder the real question facing the voters in September is "Do you want to be ruled by Mrs Brundtland or not?" At the moment there really seems to be only one answer.

Austria's good neighbour policy poses a dilemma for its hopes of European unity

Judy Dempsey on Vienna's special relationship with Budapest

EVERY Western government is absorbed these days by the reforms taking place in Eastern Europe and how to respond to them. For Austria, however, the changes in both Eastern and Western Europe are posing a dilemma.

Vienna's socialist-led government intends to apply formally for full membership of the European Community later this year. But a recent decision by West Germany to impose visas on Yugoslav nationals has forced the Austrians to consider whether membership of the EC's more integrated market would force it to abandon its unique relationship with Hungary.

The relationship is unusual, not least because the border between both countries is remarkably open. Hungarians require no visas to enter Austria and vice-versa. As a result, over 2m Hungarians visited Austria last year.

Mr Miklos Nemeth, the Hungarian Prime Minister, said recently that the green zone, a no-man's-land between the countries which is covered in barbed wire, watchtowers and guarded by dogs, would be dismantled by 1991. And if the prestigious World Fair, which is held every five years, goes ahead in both Vienna and Budapest in 1995, the border will practically disappear. That would raise difficult questions about Hungary's relations with its Eastern neighbours, whose citizens could use the country as a transit, via Austria, to Europe.

The relationship between Vienna and Budapest took years to forge. During the Hungarian uprising of 1956, the Austrians opened their borders to allow 200,000 Hungarians to settle in the country. Thereafter, they were quick to recognise that Mr Janos Kadar, the former party leader, was attempting to make his country's Communist system more flexible.

These attitudes were inspired by the Austrian government's "good neighbour policy" towards East Europe. Vienna has kept the door open to countries which once formed the old Habsburg Empire - even Bulgarians and Romanians (when they are free to travel) require no visas to visit Austria.

If Austria joins the EC, a key feature of membership would be that its borders with Western European states would become merely symbolic. That might be a great spur to Hungarians and Poles who could stop off in Vienna and move on to Western Europe.

Vienna is worried that the cost of membership of the EC would be the reintroduction of visas for East European nationals. "I don't associate we can put the clock back now," an Austrian Foreign Ministry official explained. "We have assured Hungary that if we join the EC, our relations would not be adversely affected." Indeed, Hungary hopes Austrian membership would allow it to gain a stronger economic foothold in Europe.

Rather than make a precipitate choice between East and West, foreign ministry officials in Vienna are banking on two solutions.

First, they hope that if Mr Mikhail Gorbachev's reforms continue, Western European governments will themselves be forced to reappraise their policies towards Eastern Europe.

"Since we all signed a far-reaching human rights document last January, we have to live up to those commitments," an official commented. "That means allowing the East Europeans to travel more freely. For years, we never had to worry about that simply because they were not allowed to travel. Now they are, and the West Europeans worry about being flooded by the other Europe."

Secondly, Vienna is hoping that Austria and Hungary will get the go-ahead to hold the World Fair. But both countries want the fair for very different reasons.

Given Hungary's increasingly pro-Western foreign policy, as confirmed by its new relations with South Korea and Israel, its thoughts about joining the European Free Trade Association (EFTA) and the European Community are growing. Also, we want to move as quickly as possible and get these changes in place, just in case Gorbachev does not survive," a Hungarian official commented.

For its part, Vienna rejects criticisms that the fair would be an expensive exercise in nostalgia. Officials say they would use it to shake up the economy and push through more radical privatisation policies to pay for the fair, which would cost well over Sch2bn. At the same time, they could use the fair as a bridge towards Eastern

Europe.

Politically and culturally, Vienna has much more in common with Budapest, Warsaw and Slovakia than with Paris or London. Commentators may wax lyrical about the "revival of Central Europe," but it is the Viennese and the Hungarians who actually appreciate the political content of that phrase.

Austria, for instance, is more embedded in the Central European tradition than the West European liberal political culture. Unlike the Anglo-Saxon world, Austria's political traditions were rooted in a strong, authoritarian state, sharing a similar fragility and a large peasantry. The fledgling middle classes were neither strong enough nor large enough to push back the frontiers of the state nor strengthen its civic institutions such as the judiciary.

Those traditions were shared by Hungary and other parts of Eastern Europe, which makes this part of Europe a political scientist's dream.

"We are sandwiched between the West European bourgeois tradition and the Russian statist tradition," a Hungarian Foreign Ministry official said. Such distinct cultures partly explain the very special relationship and sympathy between Budapest and Vienna.

But for Hungarians, contemporary Austria represents something of even more importance. Budapest sees how Austria, sharing a similar fragile democratic institutions between the wars and war-torn after 1945, has survived.

There is another attraction. Successive post-war Austrian governments have engineered a special political consensus, the *sozialpartnerschaft*, or social partnership which has maintained stability. Hungarians are also speaking now of a new consensus as they embark cautiously on the road towards pluralism.

One Austrian official sums up his country's dilemma as follows: "If a choice has to be made, it will not be easy. On the question of Eastern Europe, Austrians know they have not got the capital, unlike West Germany, to reap some of the benefits from the economic reforms there. And logic would dictate we use the good political climate in East-West relations to join the EC. After all, 60 per cent of our trade is with the EC, and 2 per cent is with Hungary. The East cannot offer any acceptable substitute."

Soviet voters to get choice in most polls

By Our Foreign Staff

MOST Soviet voters will have two candidates to choose from for seats in the new Soviet parliament, an electoral commission official confirmed yesterday.

One out of four constituencies will have only a single name on the ballot, but that will be offset by the hundreds of voting districts that will have three or more candidates, Mr Dmitry Golovko, deputy head of the central electoral commission, said at a news briefing.

Mr Golovko said that according to preliminary figures about two-thirds of the 1,500 seats would see two-candidate contests, and there would be more than 200 three-way races. The most crowded contest - 12 candidates - would take place in a Moscow constituency. Anyone who wanted to vote against a single candidate, he said, could scratch out his name.

Some figures, he said, were disappointing: only 2 per cent of candidates were young people and 20 per cent women. Eight in 10 were Communist Party members: a higher proportion than in elections held before the current reform.

The new parliament to be known as the Congress of People's Deputies, will have 2,250 members, and will elect a Supreme Soviet from within its ranks to act as a full-time bicameral legislative body.

The complex process of nominating candidates from 1,500 regional election districts began in December and ended last month with the registration of candidates with the central electoral commission.

Plan to predict industrial accidents

By William Dawkins in Brussels

THREE European high-technology companies yesterday unveiled an Ecu25m (£16m) plan to collaborate in building an expert computer system to predict and prevent serious industrial accidents.

The four-year project has the backing of the European Commission, which is providing about Ecu2m, and could help to avert repetitions of disasters like the Piper Alpha fire or the Chernobyl nuclear accident, claim officials in Brussels.

It will be carried out at the companies' headquarters in Norway and France and at the EC's Joint Research Centre in Ispra, Italy. Aerospace, the Paris-based aerospace group, Cap Gemini Societ, France's largest computer software producer and Det Norske Veritas, the Oslo-based insurance assessment and standards control group, are the corporate partners.

Spain indicates concession on Gibraltar

By Tim Dickson in Brussels

GIBRALTARIANS could keep their British nationality if the colony returned to Spanish rule, a Foreign Ministry official said yesterday, Reuters reports from Madrid.

The Spanish Government would let them keep their British nationality, the English language and their system of government but within the framework of the Spanish state, Foreign Affairs Sub-Secretary Mr Innocencio Arias told a parliamentary committee.

Spain ceded the rock colony at the mouth of the Mediterranean to Britain under the 1713 Treaty of Utrecht. Britain has refused to return it to Spain against the wishes of the colony's people.

EC states set to endorse pact to protect earth's ozone layer

By Tim Dickson in Brussels

THE 12 member governments of the European Community will today commit themselves to a new programme for protecting the earth's ozone layer.

The new pact, which requires all member states to reduce production of the damaging gases known as chlorofluorocarbons (CFCs) by 85 per cent by the end of this century, should provide a boost to the major international conference to be hosted by Mrs Margaret Thatcher, Britain's Prime Minister, in London next week.

The agreement, due to be endorsed by EC environment ministers at a meeting in Brus-

sels today, goes considerably further than the 50 per cent cut provided for under the terms of the Montreal Protocol, to which the EC attached its collective name last year. It reflects growing concern at the way in which CFCs are believed to cause the thinning of the ozone layer in the upper atmosphere, thus contributing to the overheating of the earth's climate known as "the greenhouse effect."

France, West Germany, the UK, Spain and Italy are among the major producing countries of the EC but, contrary to some reports, it is understood that

all member states will sign up to the new commitment. A French spokesman said that France was "certainly not against" the commitment and explained that the French minister would today be seeking to stress the importance of non-EC countries meeting the less ambitious targets in the Montreal protocol.

"The European Commission yesterday put off a decision on what step to take next in its legal battle against the Dutch Government's plans for tax incentives to encourage cleaner cars.

Independent political party planned this year in Soviet Union

By John Lloyd in Moscow

THE FORMATION of an independent political party in the Soviet Union, the first of its kind since the 1920s, is planned for later this year. It will be based on a Western model of social democracy.

A meeting of representatives of some 20 political clubs and groups with a social democratic orientation in Leningrad on February 4-5 resolved to hold a founding conference for the new party in July. The precise timing of its launch, however, will depend

on the success of the organisers in mobilising mass support for the initiative in advance.

Mr Alexander Lukashyev, one of the organisers, said last weekend that the new party would contest elections, though it would not be organised in time to attempt to put up candidates for the first election to the new Soviet parliament next month.

"We believe that the Government is using social democratic terminology to

pursue their present policies," he said. "But they are not able to pursue them properly because of their monopoly of political power and ideology. The only way out of the crisis is by democratic means."

The Leningrad meeting was attended by delegates from Moscow, Leningrad, Kiev, Rostov-on-Don, Riga, Tallinn and other Soviet cities.

The organisers plan to stimulate independent trade union activity and an independent social democratic

youth movement to provide a base for the party. They are anxious to avoid becoming another club for intellectuals, as are many of the political associations which have sprung up in the past three years.

Mr Lukashyev said that the unions would seek members among workers who were "exploited by the state" and also among those in the developing co-operative sector. If successful, the new party is likely to apply for

application to the Socialist International - the body which has a membership from most of the Western Socialist and Social Democratic parties such as the West German SPD, the French, Italian and Spanish Socialist parties and the British Labour party.

Its formation would be a further decisive (and potentially dangerous) step for the informal group. So far, the political associations have stopped short of posing a direct challenge to the monopoly

Vassiliou spurns partition as solution for Cyprus

By Robert Mautner, Diplomatic Correspondent

Mr Vassiliou told the Royal Institute of International Affairs in London that when economic and political units were being enlarged and borders made more permeable, partition of a small country made no sense.

Mr Vassiliou, who earlier met Mrs Margaret Thatcher, the Prime Minister, said European Community members had an important role to play in helping Cypriots find a solution for their divided island.

The main problem remained the presence of Turkish troops in the north. "Agreement to the withdrawal of these forces, or, at the very least, to a timetable under which this is to be effected, is the key to the resolution of the Cyprus problem," he said. He would support total demilitarisation of Cyprus as soon as Turkish troops and set-

ters had withdrawn from Northern Cyprus.

His government had recently proposed a solution which would accommodate the concerns of all Cypriots. The proposed constitutional arrangements provided for a federalism in which each community would administer a province of equal status.

A large number of Greek Cypriot refugee families would be enabled to return to their homes under Greek Cypriot administration, while those returning to their homes under Turkish Cypriot administration would not be so great as to reverse a Turkish Cypriot majority in that area.

Mrs Thatcher issued a statement reaffirming Britain's belief in "a unified federal Cyprus with full rights for all Cypriots."

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AMERICAN NEWS

Reagan budget revived to speed up negotiations

By Anthony Harris in Washington

MR RICHARD DARMAN, the US budget director, has revived Mr Reagan's January budget in an effort to get spending negotiations off the ground. Congressional committees have complained there are no Bush proposals for many programmes, and consequently there is nothing to negotiate. Meanwhile the National Economic Commission, the independent body intended to produce a bipartisan report on long-term deficit reduction, yesterday issued a report split on party lines. Both developments underline the rising difficulties which confront the attempt to agree a 1990 Budget. Both sides have recently hinted they might prefer the automatic cuts - or "sequesters" - laid down under the Gramm-Rudman deficit reduction law, to meeting the wishes of their opponents in negotiation. Mr Darman yesterday released a memorandum which he sent out two weeks ago, telling all Government agencies

Mexico cracks down on drug traffickers

Richard Johns analyses the Salinas government's achievements in narcotics control

ON TUESDAY the Mexican Government took the unusual step of calling a press conference to vaunt the achievements of President Carlos Salinas de Gortari's administration in its intensified struggle against narcotic output and trafficking after only 88 days in office.

Although Mr Javier Coello Trejo, under-secretary at the Attorney-General's office, denied it, the exercise was clearly conducted with an eye on Washington and the "certification" process, whereby President George Bush will be required this spring to report on whether Mexico, and other producers, are co-operating adequately to curtail the illicit drug traffic.

Failure to satisfy Congress could lead to the loss of vital trade preferences - as nearly happened last year. The agreement reached between Mexico and the US on combating drug trafficking could, if successfully implemented, ease considerably what has in the past been a major point of friction.

It will also present Mr Salinas' administration with a major challenge domestically if, as is widely believed here, Mexicans involved in the output and trade of narcotics have enjoyed a measure of protection at a high level in the government and armed forces.

Mexico produces about 30 per cent of the marijuana consumed in the US and 40 per cent of the heroin, as well as providing a transit point for about one-third of the cocaine entering the country, according to the most recent estimates for 1986 by the US National Narcotics Intelligence Committee.

Under the accord concluded within the framework of the UN anti-narcotics convention drawn up in Vienna last December (signed by Mexico on February 16), collaboration will be in four areas - reduction of demand, control of supply, suppression of illegal traffic, and treatment and rehabilitation.

The form and wording of the bilateral treaty satisfies Mexico's contention - and defence - that the problem relates more to demand than supply. It also pays due regard to Mexico's sensitivity about sovereignty and non-intervention in its internal affairs.

Co-operation in stopping the movement of narcotics from and through Mexico to the US was one of the major subjects of discussion when Mr Salinas met Mr Bush near Houston last November before their respective inaugurations.

For its part, the Mexican Government - believing there to be a direct connection



President Bush: progress report in the spring

between its progress in combating the problem of drugs and Washington's help in alleviating its debt problem - has gone to great lengths to publicise successes in seizing caches of drugs and arresting traffickers.

On February 20 the Attorney-General's office said agents of the Federal Judicial Police had seized 1,385 kilograms of pure cocaine the previous week.

It also reported the arrest of Dino Catani, a drug trafficker of Italian nationality believed to be linked to the Medellin cartel of Colombia, three Mexican associates and two Colombian pilots. Their aircraft, a Turbo Commander 1000, and a cargo consisting of 650 kg of cocaine paste (each kilogram of paste makes about 7 kg of the finished product) was seized.

Quite apart from US relations, Mr Salinas and his young Cabinet colleagues are known to be desperately anxious to eliminate the illicit business which they see as a major threat to state security and to the authority of the government.

Mr Salinas is known to have asked the US for information about alleged links between Mexican politicians and drug traffickers. He is thought to be planning a dramatic arrest and indictment to match those brought against Mr Joaquin Hernandez Galicia, the former boss of the oil workers' union, and Mr Eduardo Legoretzky, the head of Operadora de Bolsa Brokerage firm. Earlier this year the Government launched an investigation of the laundering of drug earnings, an area in which the US had been collaborating, according to Mr Coello.

Last Friday Mr Charles Pilled, US ambassador here, said relations between the two countries in respect of the problem were excellent.

They were particularly bad in the aftermath of the 1985 murder and torture of Mr Enrique Camarena, a US Drug Enforcement Agency officer. A serious rift was caused by what the US authorities saw as a failure by the Mexican Judicial Police and Federal Security Directorate to hunt down and bring to justice his killers.

In this connection Washington is known to have been unhappy about the appointment by Mr Salinas of Mr Enrique Alvarez del Castillo as Attorney-General because, as Governor of Jalisco at the time, he was reckoned to have been less than zealous in pursuing the case.

The State Department was also bemused by the nomination of Mr Miguel Nazar Haro, formerly of the Federal Security Directorate, as chief of intelligence services of Mexico



President Salinas: keeping one eye on Washington

City's Police Department, indicted by a Grand Jury in San Diego in 1981 because of alleged involvement in a ring dealing in stolen cars and for jumping bail, he resigned his post last week "for personal reasons". The announcement was no coincidence coming the day after signature of the treaty.

Recently the Mexican Attorney-General's office was infuriated by a report in the Washington Post - to the point of issuing a statement of protest - based on the testimony of Mr David Wheeler, a convicted drug trafficker-turned-informant in the court case in San Diego in which four Mexicans and three Bolivians are being tried on drug trafficking charges.

It has emerged in the trial that the US Assistant Attorney-General in San Diego had issued outstanding warrants for the arrest of two senior Mexican military officers, who are still serving.

When commanding the 25th military zone in Puebla, General Juan Doblado Silva and his deputy Lieutenant Colonel Salvador de la Vega are alleged to have offered air refuelling facilities for traffickers flying from Colombia. They have not been indicted.

In the San Diego trial the names of not only Mr Nazar and another former member of FDS, Mr Estaban Guzman, have been mentioned in connection with drug trafficking, but also General Juan Avelar Cardequiel, former Minister of Defence in the last Mexican administration. None of the three has been indicted. Asked about these embarrassing allegations and reports, Mr Coello replied: "Mexico's penal law does not base itself on gossip."

Hopes rise of closing US N-plant

THE long dispute over the Shoreham nuclear power plant on Long Island, a symbol of the demoralised US nuclear industry, appears to be ending after the agreement on Tuesday by New York state to buy and close down the plant, writes James Buchan in New York.

But the agreement, which was signed by Mr Mario Cuomo, the state governor, and the local utility, could be derailed. A similar plan to close the \$5.5bn plant last year collapsed when the state legislature refused to share the political burden of closure, which would mean rate increases and possibly power cuts on Long Island.

Under the new plan, New York state will buy the plant for \$1 from the Long Island Lighting Company. New York will then decommission the plant while Llico will attempt to recoup the capital costs by heavy rate increases.

State politicians say two new features give the plan a greater chance of success. Mr Cuomo is not, this time, insisting on backing from the state legislature. Secondly, Llico will not be guaranteed the rate increases but must negotiate them with the state Public Service Commission.

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Brazilian inflation slows in February

BRAZIL'S monthly inflation rate dropped to 3.6 per cent in February, down from the record 7.0 per cent the previous month, as a result of the price freeze imposed in January's austerity plan, writes Ivo Dawson in Brasilia.

The figures for both months are distorted, with January taking in more than 30 days and February representing only 11 days during which shops were open.

Daley Jr advances

MR Richie Daley, whose father Richard was mayor of Chicago for 23 years, was a step nearer holding the same post after a Democratic primary on Tuesday, AP reports.

He defeated Mayor Eugene Sawyer by 56 per cent of votes to 43 per cent and advanced to the general election on April 4. The contest has been won by Democrats since 1931.

US savings grow as incomes rise sharply

By Anthony Harris in Washington

US PERSONAL incomes rose sharply in January by 1.8 per cent over the previous month, led by rising wages. But virtually the whole increase was saved and real consumer spending fell 0.5 per cent, reversing the rise in December. Personal saving for the month is estimated to have reached an annual rate of 22.1bn, or 5.75 per cent of disposable income, raising the average rate for the three months to January to 4.8 per cent from 4.4 per cent in the previous quarter.

The jump in saving is explained partly by special factors. Incomes were supported by a sharp acceleration in the growth of wage incomes. But some 40 per cent of the January increase was accounted for by a sharp recovery in farm incomes, which included receipts of drought relief payments, and by a further rise in personal interest income.

The interest trend represents rising rates and is a transfer within the personal sector from borrowings to savers. This does not increase money available for spending. However, the subdued level of consumer spending, up only 0.1 per cent in cash terms, suggests that the savings trend is rising apart from special factors. The savings rate fell to 3.2 per cent in 1987, rising a point to 4.2 per cent in 1988, following the stock market crash. Inadequate personal saving was recently singled out by Mr Alan Greenspan, the Federal Reserve chairman, as a major cause of high real interest rates and the trade deficit.

Canada's annual current account deficit hits record

FOR the third consecutive year Canada has reported a record current account deficit after a sharp deterioration in the fourth-quarter merchandise trade surplus, writes David Owen in Toronto.

For the year, the deficit reached C\$11.3bn (£5.4bn), up 6.6 per cent from C\$10.6bn in 1987. The merchandise trade surplus fell to C\$9.6bn from C\$11.1bn. This left a deficit on

non-merchandise transactions of C\$20.9bn, against C\$21.6bn a year ago.

The fourth-quarter current account deficit almost doubled from C\$2.2bn in the third quarter to reach a record C\$4.3bn. This followed a 39 per cent decline in the merchandise trade surplus to C\$1.9bn - the lowest level since the third quarter of 1981 - against C\$3.1bn in the previ-

ous quarter. The trade surplus with the US, Canada's largest trading partner, tumbled off sharply. This was mitigated, however, by the emergence of surpluses with Japan and countries outside the Organisation for Economic Co-operation and Development.

A record C\$4.6bn deficit on investment income was also recorded, due to exceptionally

large dividend payments, partially offset by dividend receipts. In the third quarter, the investment income deficit amounted to C\$4.6bn.

There was better news on Gross Domestic Product, with confirmation that the Canadian economy expanded by 4.5 per cent in real terms during the calendar year - giving a sixth consecutive year of economic growth.

Fourth-quarter growth reached 0.6 per cent, somewhat below the 0.8 per cent average quarterly rate of advance. Domestic demand was up a strong 5.3 per cent in volume terms for the year as a whole, with the strongest component being business outlays for plant and equipment. These soared by 17.8 per cent, the largest annual percentage increase for 33 years.



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OVERSEAS NEWS

# Hong Kong in line for record budget surplus

By Michael Murray in Hong Kong

THE Hong Kong Government will run up a record budget surplus of HK\$14.2bn (£1.04bn) in the fiscal year which ends this month. But with unemployment at an all time low and the economy running up against severe capacity restraints, Mr Piers Jacobs, the Financial Secretary, chose yesterday to highlight the basis for the surplus rather than the fact that it is a record. The budget included a half percentage point of personal and corporate tax rates and modest increases in spending on social services and infrastructure projects. Mr Jacobs reaffirmed the Hong Kong Government's commitment to preserve the link between the local currency and the US dollar, abolished the interest rate differential on Hong Kong dollars and announced that a period of consultation will soon get under way on the probable introduction of indirect taxes levied at the wholesale level. The huge budget surplus, which was almost triple the Government's original estimate, has come as a result of better than expected economic growth and rising wages bringing in increased tax revenues. Tax thresholds have been raised in order to help maintain the system whereby most Hong Kong wage earners pay no income tax, while personal taxes have been lowered from 15.5 to 15 per cent. Corporate profits taxes have also been reduced by half a point to 16.5 per cent from April 1. These tax cuts will cost the Government around HK\$300m in the coming fiscal year. Mr Jacobs acknowledged

# Japan's industrial output up 1.2% in January

By Clive Wolman in Tokyo

JAPAN'S industrial output continues to surge ahead boosted by strong domestic demand, with the production index in January up a further 1.2 per cent over December. The figures reported on Tuesday by the Ministry of International Trade and Industry show a 9.4 per cent year-on-year increase for January. Among the strongest of the 14 sectors were the general machinery industry, with a 2.3 per cent rise, and the steel industry with a 2.0 per cent rise, primarily the result of strong demand for factory construction. The output of the petroleum and coal industries fell by 9.2 per cent because of January's warmer weather, although production in this sector was still up by 3.7 per cent over January 1988. The inventory index rose 2.6 per cent over December and 7.0 over January 1988 boosting the ratio of inventory to sales from 90.7 to 92.5 per cent over the last year. Mr Matthew Barlow, an economist at Credit Lyonnais, said that the surge in production was partly the result of strong capital expenditure and the effects of the introduction of a sales tax in April. He is predicting 6.8 per cent growth for the year. Mr David Pike of UBS Phillips and Drew identifies inventory rebuilding by manufacturers, after unexpectedly strong sales in 1987-88, as the key factor behind the rise in production.

# Switch to Namibian independence starts

By Anthony Robinson in Johannesburg

THE process leading to independence for Namibia (South West Africa) now appears to be well under way following dissolution of the internal "transitional government" and the arrival in Windhoek earlier this week of the first military officers of the special UN task force (Unatag). Yesterday Mr Louis Pienaar, the Administrator General appointed by Pretoria, took over responsibility from the internal transitional government formed in June 1985 when Pretoria looked set to continue indefinitely its indirect rule of the former German colony and UN trust territory. From April 1 Mr Pienaar will share responsibility for guiding Namibia to independence under UN resolution 435 with Mr Martti Ahtisaari, the special representative of the UN secretary general who is expected to arrive in the Namibian capital on that date. This week the UN formally approved a \$416m budget to finance the 4,650 soldiers and policemen from 23 member nations who will patrol Namibia's border with Angola and supervise elections to a constituent assembly due to be held on November 1. Gen Dewan Prem-Chand, the Indian commanding officer of the military component of the UN Transitional Assistance

# Likud local election gains leave Labour floundering

By Andrew Whitely in Jerusalem

THE LIKUD party of Israeli prime minister Mr Yitzhak Shamir made sweeping gains in Tuesday's municipal elections, capturing six out of the ten largest cities and a string of middle-sized towns. Both Jewish and Moslem religious parties also made an exceptionally strong showing in their own redoubts. In Jerusalem the combined religious vote topped that for the Labour-aligned slate of Mr Teddy Kolek, the capital's mayor. Mr Kolek himself was returned to the mayor's office for a sixth successive term, but with a reduced share of the vote. Triumphant Likud leaders yesterday hailed the outcome as a popular endorsement of their bitter opposition to the Palestine Liberation Organisation. The left and right are currently locked in a see-saw battle over who best represents the mood of the people. Mr Shamir and Mr Moshe Arens, his Foreign Minister, may now use the results to argue with the West that there is no majority in Israel for changing the Government's long-standing refusal to talk to "a band of terrorists". For the social-democratic Labour Alignment, successor to the historic Mapai party of Mr David Ben-Gurion, one of Israel's founding fathers, the results were almost as bad a blow as the 1977 general elections which first brought

the Likud to national power. Some observers saw the results as demolishing Labour's lingering claims to represent the political centre of the country. The once-mighty Labour machine was shown to have atrophied in recent years, losing the near-automatic ability it used to display to bring out the voters. Heartland towns such as Holon, Ramat Gan and Tiberias all switched sides to the Likud, strengthening Mr Shamir's political base for the scheduled 1992 general election. Discontent within Labour, already riven by its leadership's decision to join the coalition government as a junior partner, was quick to resurface yesterday. In a fresh challenge to Mr Shimon Peres, the party's leader for the past 12 years, Mr Moshe Shahal, the Energy Minister, called for a shake-up at the top. Another mainstream Labour parliamentarian, Mr Shevah Weiss, acknowledged that it would be an uphill struggle for Labour to reverse the trend first displayed in the November general elections and confirmed on Tuesday. Mr Peres, who reluctantly accepted the post of Finance Minister in the government Mr Shamir formed last December, said the municipal elections should not be treated as a referendum. "I agree to hold a referendum on the subject of

peace. Then we would know where things stand," he told the Army Radio. Israeli commentators noted the significance of the spectacular rise of the extremist Moslem Brotherhood in Israeli Arab towns and villages in the Galilee and the so-called Triangle region in the north, where the voter turnout in some places was as high as 95 per cent. The Moslem Brotherhood captured control of Umm al-Fahm - the second largest Arab town within the pre-1967 Green Line - from the communists. However, Mr Ehud Olmert, a government minister in charge of minority issues, dismissed the result as a protest vote. "The connections between peace and security are matters that are understood by both Britain and Israel," Mr Waldegrave assured his official host, Mr Benjamin Netanyahu, Minister. In Tunis last January, the British minister told the Palestine Liberation Organisation he hoped the Palestinians would one day have a place they could call their own.

# Vietnam to try to repay IMF debts

By John Elliott in Hanoi

VIETNAM has agreed to make a fresh attempt to repay long-outstanding debts of around \$120m to the International Monetary Fund as part of its campaign to rebuild its international image and attract foreign aid and investment for its poverty-stricken economy. The country urgently needs foreign economic support and is launching a diplomatic offensive to coincide with its plans to withdraw troops from Kampuchea. The withdrawal should end a US-led international trade and aid embargo. Vietnam is also courting its Asian neighbours and other Western countries by agreeing to take back volunteers from among 10,500 immigrants who have arrived in Hong Kong since last June as boat-people. The first aircraft-load of 70 to 80 repatriates should arrive in Hanoi tomorrow. But there is no possibility of the IMF or the World Bank providing new funds until their outstanding debt is at least partially repaid. Repayment of the \$120m was discussed last month when IMF officials visited Hanoi. It is believed that an agreement was reached for Vietnam to organise repayment of around \$40m-\$50m after which the IMF would help arrange bank loans to repay the rest. Because of its occupation of Kampuchea, Vietnam is boycotted by most Western countries. Sweden, the only big bilateral donor, gives \$50m a year. But it has refused to raise this to keep pace with inflation in recent years and has said the funds will stop next year if the troops do not withdraw. Western countries are now considering how much to donate if the troops do withdraw and a preliminary meeting of ambassadors of countries involved, including Britain, met yesterday in Hanoi to consider what will be required.

# Heroin's grip on Pakistan shows no sign of loosening

Christina Lamb reports on efforts to destroy the poppy crop and the wealth flowing from drugs

W ITH hundreds of millions of dollars of US aid at stake Pakistan has at last begun an operation to destroy its huge poppy crop, but with no attempt to tackle what US officials describe as "the world's largest safe-haven for heroin processors". Hearings are due to start in Washington this week for the Congressional drug certification process according to which Pakistan must maintain "credible enforcement" of narcotics control if it is to continue receiving a badly needed \$626m a year in US aid. Angry tribesmen fired on two helicopters escorting a special bullet-proof State Department aircraft as it started spraying 270 acres of an estimated 700 acres of standing poppy crop in Pakistan's Frontier Province. But US officials are angry that this is a cosmetic operation being undertaken to send a signal to Washington while Pakistan refuses to do anything about the real problem - more than 100 laboratories in the tribal areas from which heroin suppliers operate with complete safety, earning an estimated \$100m a year per lab. The aircraft has been in Islamabad for seven weeks, the Frontier Government reluctant to allow the spraying, fearing repercussions from the well-armed tribesmen who have mounted anti-aircraft guns on the mountains. Thirteen people died in riots in 1986, the last time police tried to enforce spraying. Mr Aftab Sharqo, chief minister of the province, said spraying was the last resort: "We would prefer to use moral pressure." However Mr Sharqo admits that previous methods of paying compensation to farmers to destroy their own crop have



only resulted in increased production while a \$20m project in Dir financed mainly by USAID to persuade farmers to stop growing poppy by improving rural development has failed dismally. Begun in 1986 by the Frontier Government under the auspices of United Nations Fund for Drug Abuse Control (UNEDAC), a Pakistani narcotics official admits "the farmers have used the irrigation and wells we have put in to grow better poppy". In fact in one area of Buner where poppy had been wiped out by drought, an extensive irrigation system was constructed and poppies are now standing a foot tall. Despite these failures, the US State Department has just sanctioned another \$25m. According to Pakistani narcotics officials, spraying will cut the opium crop this year from more than 150 tonnes to 60 tonnes enough for six tonnes of heroin. However, domestic consumption of heroin last year was more than 46 tonnes while a further four tonnes were seized making Pakistan a net importer. This even if all poppy growing is

eradicated, the real problem is the stuff coming from Afghanistan to be processed in Pakistan. The UNEDAC official says once refugees start returning, poppy being an easy cash crop. Mr Benazir Bhutto, Pakistan's new Prime Minister, takes every opportunity to reassure her American benefactors that narcotics control is a priority of her administration but there has been no real attempt to tackle the problem because of the large number of senior military and political figures involved and the fear of upsetting the "tribals". In tribal areas government authority extends only on the roads and customs officials are powerless to act as sacks of heroin are moved alongside the road on mules before their eyes. Even seizures are cosmetic. Numerous front-page stories appear of drugs seizures, which always seem to end "and the miscreants escaped under cover of darkness". A European drugs official complains: "The corruption is unbelievable - they are clearly stopping trucks, seizing the heroin then selling it back". A recent survey showed that one in 15 people in Pakistani towns are heroin addicts and one in 25 in rural areas. All main cities have thriving drug dens, particularly Karachi where there are more than 40. The Pakistani Government may be reluctant to touch an industry which generates an estimated \$3m a year into an economy which is more black than white, but a Western diplomat points out: "It is hard for a democracy to ignore statistics revealing more than 1m heroin addicts in a population of 102m compared to 500,000 in the US with its 240m population."

# Burma bars military from election

By Robin Pauley, Asia Editor

BURMA yesterday announced a draft election law which would theoretically bar military officers currently running the country from standing for elections promised for early next year. However, the draft significantly omits to mention how long it would take for the full transfer of power to elected representatives and there is no indication so far that the draft is anything other than cosmetic enabling the military to keep its stranglehold on power under another guise. The state-run Radio Rangoon said government employees, including members of the armed forces and police, could not stand for election. This would eliminate General Saw Maung and other members of the ruling military council which seized power last September unless they resigned from the armed forces. Observers believe Gen Saw Maung and the real power in Burma, U Ne Win, who resigned in July after 26 years of autocratic rule but who still pulls all the strings, are unlikely to have any difficulty in continuing to rule under yesterday's proposals. Gen Saw Maung's troops brutally put down a pro-democracy uprising last year and the abuse of human rights reached such a level that many countries cut all economic aid to Burma. Most, including Britain, have not restored that aid. The draft law sets 18 as the voting age and reduces the earlier minimum age of candidates from 24 to 21 years of age. Those banned from participation include "individuals having allegiance to foreign powers", members of parties who receive financial support from foreign organisations and people with links to Burma's numerous rebel groups.

# Jordan halts bilateral loan payments

JORDAN has stopped making payments on bilateral loans and is considering seeking help from the International Monetary Fund and the Paris Club of lenders, a Central Bank official said yesterday, AP-DJ reports.

"We are having arrears being built in the bilateral loans," said Mr Maher Shalhi, the bank's deputy governor. "In the commercial loans, we are rolling over the principal and paying the interest," he said. "We have been making payments (on commercial loans). But bilaterally, yes, we can say they have stopped from the beginning of this year." Mr Shalhi said Jordan faces about \$1.2bn in loan repayments this year. About half of those are bilateral military loans, many from the US, France, Britain and the Soviet Union. Mr Shalhi said the kingdom is considering a standby loan from the IMF and would discuss options with an IMF team due to visit this month.

# Oman reduces output of oil

Mr Saad al-Shabari, Oman's Oil Minister, announced a 5 per cent cut in crude oil production starting April 1, local news agencies reported yesterday, AP writes. The cut, reportedly ordered by Sultan Qaboos, the Omani ruler, was a direct result of talks last month in London among oil producers outside the Organisation of Petroleum Exporting Countries, the announcement stated.

Oman currently produces at an estimated 600,000 barrels a day. Oil revenues are the backbone of the economy of the Gulf sultanate, and it has led efforts outside the 13-member cartel to curb output to arrest the oil price slides of the past three years.

# Unions defy Sudanese Premier

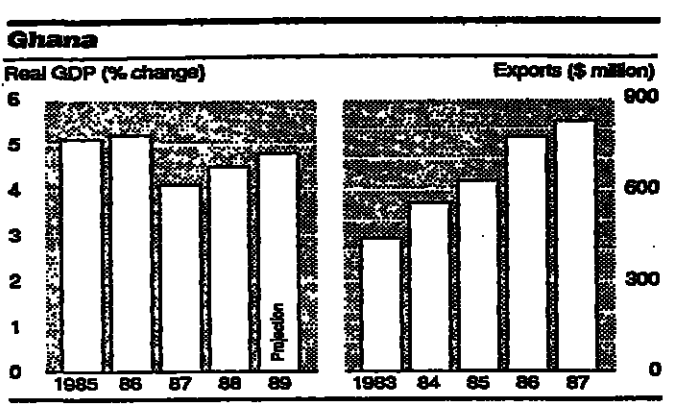
By Julian Ozanne in Nairobi

SUDAN'S trade unions yesterday joined the armed forces in calling the bluff of Sadiq al-Mahdi, the Prime Minister, by refusing to give the Government an undertaking that they would not strike while he supplies with the nation's mounting political crisis. The statement, issued by an alliance of 38 trade unions and opposition parties, follows the decision by the military on Tuesday that they would not back down from their opposition to the Government by promising not to stage a coup. The Armed Forces High Command maintain they have a constitutional obligation to the nation and have renewed their demand for a broad-based government to negotiate peace with the southern rebel Sudan People's Liberation Movement. The defiant positions taken by the week by the trade unions and military pose a direct challenge to Mr al-Mahdi who said on Monday he would resign by the end of the week if he had not received pledges of support from both groups. The military's hostile attitude has hardened over the last week following the fall of the garrison town of Turti to rebels at the weekend and a stinging attack made on Mr al-Mahdi by President Hosni Mubarak of Egypt. Many senior army officers are believed to be sympathetic to Egypt and the pro-Egyptian Democratic Unionist Party which quit the government last December when Mr al-Mahdi refused to give official backing to a peace plan negotiated between the DUP and SPLA. Mr al-Mahdi has become increasingly reliant on the fundamentalist National Islamic Front, his main partner in the ruling coalition, and his alignment with Libya and Iran. The generals blame the NIF for blocking the peace process and believe the Prime Minister's foreign policy has made it difficult to secure arms and economic aid.

# Ghana reaps the harvest of strict obedience to the IMF

Michael Holman asks whether the African nation most favoured by aid donors can maintain its success story

FOR a few hours in December Nyankpan agricultural college in northern Ghana was at the heart of what many terms Africa's economic success story. Donors from what seemed like most of the world's development agencies had turned out in force for the National Farmer's Day rally. Embellished on the four-wheel drive vehicles were the acronyms of aid: IFAD, FAO, UNDP, CIDA, UNICEF, VORADEP, NORRIP, assisting in everything from irrigation to inoculation. Experts and consultants have been flocking to Ghana in their hundreds since 1983. It was then that the Government of Flight Lieutenant Jerry Rawlings decided to espouse an economic recovery programme backed by the International Monetary Fund. The results have been spectacular. Gross domestic product growth in real terms has averaged 6 per cent, a rate unmatched by any other African country. It may fall slightly this year, warned Dr



1983 Ghana was really a hopeless case... today it is almost a different country. The adjustment formula is familiar, adopted in varying degrees (though sometimes abandoned) by nearly 30 states in sub-Saharan Africa. In Ghana, however, it has been pursued with great rigour. An overstuffed government bureaucracy has been drastically cut. Most price controls have been lifted. Trade has been liberalised. The currency, the cedi, has been successfully devalued, and more than 100 government-licensed foreign exchange bureaux around the country buy and sell hard currency. Government spending has been slashed. Agriculture producer prices have steadily increased. "You say, what happened to the revolution?" Mr Rawlings responds to a questioner who reminds him of the radical rhetoric which marked the 41-year-old leader's seizure of power. "Ask the farmer. The revolution is in the countryside." The results are impressive, and Mr Seung Hong Chol ticks them off. Budget deficits of the 1970s have been changed into budget surpluses. Inflation has been cut from triple digit to 15 per cent. Exports - in particular gold and timber - have risen sharply, encouraged by

# Taiwan curbs credit for developers

Taiwan's Central Bank is trying to rein in galloping property prices by limiting bank loans to developers. Reuter reports from Taipei. Under rules announced by the Central Bank yesterday loans for land purchases can be no more than 40 per cent of the land price as assessed by the Government in February. Loans for construction projects are limited to a maximum 50 per cent of the total project cost, the bank said. "The basic reason (for rising land prices) is that the government has not done a good job of controlling the growth of the money supply," said Mr Lin Jong-shong, a professor of economics at National Taiwan University.

# Indonesian trade surplus up sharply

Indonesia's 1988 trade surplus rose sharply to \$5.77bn from \$4.63bn a year earlier, according to figures announced yesterday by Mr Harmoko, the Information Minister, Reuter reports.

He told reporters that 1988 exports rose to \$19.22bn from \$17.14bn a year earlier. Exports of non-oil products rose nearly 35 per cent to \$11.54bn. Imports in 1988 were \$13.35bn against \$12.51bn. December exports were \$1.76bn against \$1.67bn in November and \$1.7bn a year earlier. Imports were \$1.45bn, \$2.34m and \$1.1bn respectively. Philippine exports increase by 24%. Philippine exports grew 24 per cent to a record \$7.07bn in 1988 compared with \$5.72bn in 1987, Mr Jose Concepcion, the Trade Secretary said yesterday. Reuter reports from Manila. In a report to President Corason Aquino, Mr Concepcion said the \$7bn level was higher than projected and marked a milestone in the country's drive towards industrialisation.

# Philippine exports increase by 24%

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WORLD TRADE NEWS

Hong Kong appeals over EC video tape dumping duties

By William Dawkins in Brussels

THE Hong Kong Government has appealed against European Community anti-dumping duties of between 8.1 per cent and 59.3 per imposed last year on video cassette tapes imported from the British colony.

Its challenge, submitted to the European Commission, represents one of the rare occasions when a Government has formally acted for companies being charged anti-dumping levies. This reflects the political sensitivity aroused by the spate of EC anti-dumping

actions against Hong Kong, though some of the companies involved are also too small to mount an appeal on their own.

The Brussels authorities have launched six other inquiries over the past 16 months into alleged unfair underpricing of Hong Kong exports of mobile telephones, closed without the imposition of duties - small colour televisions, audio tapes, photograph albums, tungsten ore and silicon metal.

The details of the appeal against levies on video cas-

ettes are confidential, though some observers have questioned whether an economy with such a small domestic market can afford to export products at below normal value.

The Government is questioning both the allegations of dumping and of injury to European industry. It comes in the wake of a flurry of diplomatic activity over the past fortnight, including visits to the Commission by Mr Stuart Harrison, the colony's deputy trade director.

Applications for cover to new agency reach \$1bn

By Peter Montagnon

THE new Multilateral Investment Guarantee Agency formed by the World Bank last year, has received preliminary applications for insurance covering some \$1bn (£550m) worth of projects in developing countries, and hopes to begin writing cover within the next 3-4 months, Mr Yoshio Teramasa, its Executive Vice-President, said.

MIGA, part of the World Bank group but operating as a separate legal entity, was set up to promote direct investment in developing countries through providing political risk insurance against political risk such as asset expropriation by the host government and restrictions on profit and dividend repatriation.

Mr Teramasa said seven preliminary applications have been received for the definitive cover covering projects in mining, agro-business, banking and manufacturing in Chile, Indonesia, Turkey, Egypt, Hungary and Ecuador.

Mr Jürgen Voss, Deputy General Counsel, said studies by OFEC, the US investment insurance agency, suggested about half its own projects represented extra investment otherwise not forthcoming.

Revitalising investment flows to the developing world is seen as a major plank in international efforts to alleviate the debt crisis. Mr Voss said US multinationals had earned an 11.4 per cent return on their investments in developed countries between 1980 and 1985, with a 17 per cent return on investments in developing countries.

MIGA will insure a category of 500 civil works which help promote such flows of investment by making them more secure. Its structure was designed to keep claim payments to a minimum.

The host-country does not only have to approve each project individually. A country subject to a claim must have a record of good credit with the World Bank group.

Because of the co-operative nature of MIGA, all its member countries, including those which joined in the hope of receiving investment, would have to contribute to financing claims payments against general fund resources. However, the host government would not be liable for claims being paid.

Mr Voss said one emerging role for MIGA was in helping promote "build-own-transfer" (BOT) projects in developing countries. These are financed by the private sector, which manages the project through revenue from the project itself.

MIGA could only insure the equity portion of such projects and would not become involved in insuring bank loans, but part of its cover includes insurance against a host country's breach of contract.

This meant, for example, that a government contract to buy electricity from a BOT power station could be insured, providing indirect comfort to lending banks whose loans would be serviced out of proceeds from sales.

US move to force open markets

By Nancy Dunne in Washington

THE White House has submitted a seven-point plan to Congress aimed at forcing open foreign markets through the use of multilateral negotiations as well as bilateral efforts and "selective unilateral actions".

The White House said it expected "intense pressure" in the multilateral trade negotiations to accept short-term reforms in agriculture trade "without reaching substantive agreement on the scope of long-term reform in agriculture". It reiterated US insistence that no short-term measures would be possible without agreement on a long-term framework.

Although most of the policies were inherited from the Reagan Administration, the plan contained a new emphasis on proposed negotiations to reach an international consensus on eliminating market-distorting practices in the global steel market.

The plan also mentioned "initiatives to monitor the EC's 1992 internal integration project to ensure against a 'Fortress Europe'".

In testimony on Capitol Hill yesterday, Mrs Carla Hills, the US Trade Representative, expanded on the formal policy statement.

"We cannot fall into the trap of suspending all actions against unfair trade practices on the ground that such actions would spoil the atmosphere for the Uruguay Round. On the other hand, we will not achieve our objective of opening multilateral markets simply by closing our own markets in retaliation," she said.

She cited as an example the controversial countermeasures

initiated against Brazil for refusing to provide patent protection for pharmaceuticals and chemicals.

The US has been strongly criticised by its trading partners for raising tariffs when there was an agreement within Gatt not to do so, "but we felt we had no choice but to put the world on notice that we will not rule out trade-restrictive measures that may be responsive to the threat of US intellectual property loss".

Mrs Hills said she had established a working group to deal with the expiry on September 30 of US steel quotas. The group would also contact the Voluntary Restraint Agreement countries. Some countries had already informed the US that they would not continue their voluntary restraints, she said.

Hungary may shift trade to West

By Leslie Collett in East Berlin

HUNGARY is considering a shift in its foreign trade away from Comecon and towards the West in order to lower its near-\$18bn (£10bn) debt.

A government committee under Mr Rész Nyers, Minister of State for the Economy and Foreign Trade, has issued guidelines which recommend a radical change in the limitations on Hungary's exports to the West.

Hungarian trade last year was divided nearly 50-50 in volume between Comecon and the West.

A summary of the guidelines, in the economics newspaper Figyelő noted that Hungary's lack of export competitiveness in the West was mainly the result of selling most of its output at home and in Comecon markets because of ideological and political considerations.

A Hungarian "opening" to the West did not appear unacceptable to the Soviet Union and Hungary's other Comecon partners.

The committee noted that Hungary needed annual fresh credits of up to \$3bn for quite a long period. A current account surplus of \$1bn had to be achieved by the mid-1990s, to preserve Hungary's creditworthiness.

In common with other East European countries, Hungary's trade with the Soviet Union, its largest trading partner, has become increasingly difficult.

Falling prices for Soviet oil and gas led to an accumulated Hungarian surplus in trade with the Soviet Union of more than Roubles 1bn (R17bn).

In Comecon's rigid barter-type trade, however, the surplus could not be used to buy goods anywhere else and thus amounted to a credit. Soviet-East European trade fell last year and was estimated to drop nearly 10 per cent this year.

Czechoslovakia too, is having growing problems in trade with the Soviet Union, with which it is running an undesirable surplus.

At talks in Moscow last month with Mr Ladislav Adamec, the Czechoslovak Prime Minister, the Soviet side expressed the wish for greater deliveries of consumer goods in the next Five Year Plan. But Czechoslovakia has problems satisfying its own demand for consumer goods, Mr Miroslav Pavel, the government spokesman, noted last week.

Meanwhile, East Germany's trade with West Germany, which makes it the envy of other Comecon countries, fell last year for the third year in succession to DM14.2bn (24.4bn). Lower oil prices contributed to the drop as well as East Germany's inability to sell higher value products in West Germany.

Venezuela plant contract signed

THE Venezuelan petrochemical company, Pequiven, has signed a \$241m (£133m) deal with a West German-Venezuelan consortium for a petrochemical plant, Joe Mann reports from Caracas.

The German companies are Linde, Ferrostaal and DSD-CGL. The Venezuelan companies are Marshall y Asociados and Proyecta.

Factoring business up 15%

THE volume of worldwide factoring business rose by 15 per cent to \$180bn (£91bn) in 1988, according to Factors Chain International (FCI), a main international factoring network, Charles Batchelor reports.

Factors buy unpaid invoices on their clients for up to 80 per cent of their value immediately with the remaining 20 per cent

payable when the client's customer finally settles. The client has immediate access to most of its cash while the factor charges for the service.

Of the total volume, \$161.5bn related to domestic business while \$18.5bn related to international trade. Domestic factoring grew 15 per cent in 1988. International factoring rose 2 per cent.

Turkey fires up defence industry

Jim Bodgener reports on a growing area of arms spending

TURKEY'S ambitious programme to establish its own defence manufacturing industry is bucking the trend of general public sector cutbacks. The Defence Industry Development Administration (Dida) hopes to award deals totalling more than \$2bn this year.

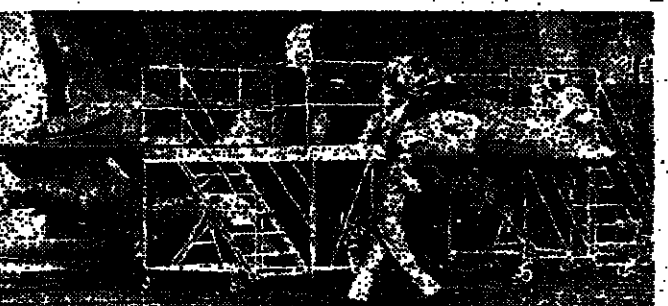
These may go some way towards mollifying the Turkish military, smarting dangerously after its budgetary procurement allocation for 1989 was cut by up to TL400bn (\$200m) in an 8 per cent across the board reduction in public sector spending announced recently by Mr Turgut Ozal, the Prime Minister.

Dida is a special development fund outside the budget and thus escaped the cuts. But none the less, say industry sources, Dida's income from special levies has not matched original expectations.

The latest agreement was with Marconi Communications Systems for a \$90m scheme for the local manufacture of high tech battlefield wireless systems, ending a series of disappointments for UK companies in Dida awards last year.

FMC Corporation of the US and Turkish company Nurol beat GKN to a \$1bn contract for armoured personnel carriers. Then British Aerospace (BAe) failed to meet technical specifications for a contract valued at between \$1bn and \$2bn for the manufacture in Turkey of a low-level air defence system.

The UK companies could still get back in the running. Funding negotiations with the FMC/Nurol group have hit a



The F-16 fighters are already being made in Turkey

snag over Turkish Treasury disapproval of the interest terms for \$30m of commercial financing. Dida is getting impatient - the contract supposedly became effective on January 31. However, banking sources say the Treasury may be using delaying tactics in the interests of the Government's overall austerity programme.

The low level air defence project may be delayed until next year, possibly giving British Aerospace the opportunity to return to the bidding. Both projects were expected to be included in talks in Ankara yesterday between Mr Erkan Vuralhan, the Turkish Defence Minister, and Sir Colin Chandler, under secretary at the UK Defence Ministry.

However, the Turkish Government would also require the most concessionary terms possible for the Marconi deal, more so than usual through the Export Credits Guarantee Department, according to Mr Vahit Erdem, Dida's head. As with all Dida's projects, the financing will include a substantial offset element providing for investment by UK compa-

nies in Turkey.

Through its radio joint venture for which it has yet to announce a Turkish partner - Marsoul would have an entrance to the Turkish defence market generally, said Mr Erdem. In time, with the Turkish and UK governments' sanction, the joint venture would be able to export to Middle East countries, starting with Saudi Arabia and Kuwait, for example, but with an eye to Iraq and Iran in the long term.

Although exports from Dida's projects will be mainly to non-members of the North Atlantic Treaty Organisation, the Turkish Government also wants to redress the balance of the one way traffic of weapons supplies to Turkey by other Nato members, according to Mr Erdem.

The next project in line is for mobile radar, valued at about \$300-400m, and near final tender evaluation.

The shortlist is Marconi and Plessey, both of the UK, France's Thomson-CSF, Hughes Corporation, General Electric and Westinghouse Electric Corporation, all of the

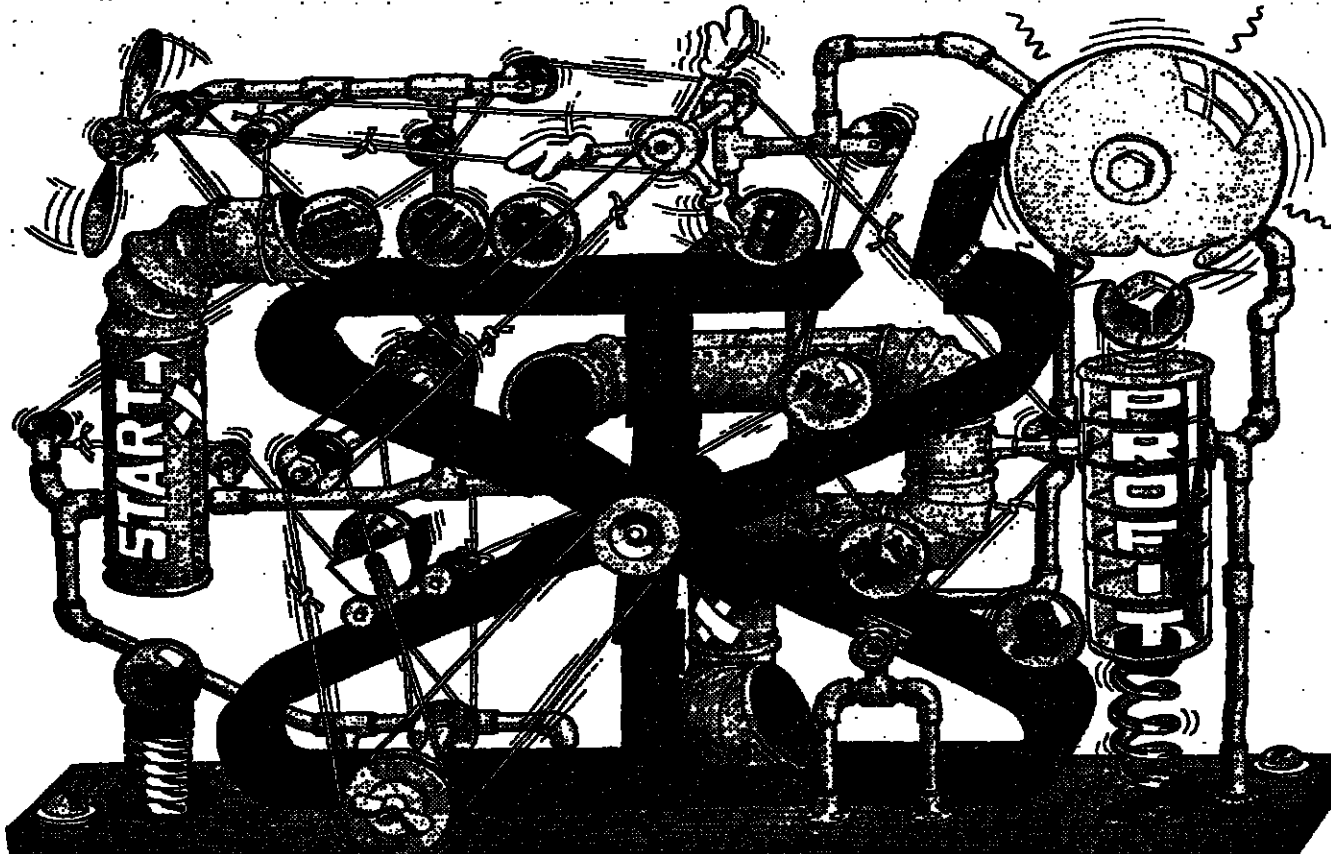
US, Aydin/Boeing, a US/Turkish venture, and Italy's Selenia. French and US companies have lost their early lead since the industry sources.

Another deal likely this year is for light transport aircraft, around 50 each for the defence and civilian sectors, and together worth \$300-500m. The civilian aircraft would be for feeder routes to main airports. Companies bidding are Aviatallie, Spain's CASA, SAC North of the US, and Canada's De Havilland.

A fairly urgent \$80m project is for about 80 radar and fire control systems for a production line under contract to the Turkish anti-aircraft guns soon to be commissioned by state-owned Machinery Chemical Works (MKEK) at Cankiri. The tender brief has just been issued to three bidders: Eshel (UK), Signal (Netherlands) and Contraves (Switzerland).

Another which will take longer is the local manufacture of helicopters. Tenders were first invited last year, but Dida now wants to review its concept of the most suitable type for local manufacture. Others will be ordered from overseas, either through offset agreements, or direct credit deals.

Two other big projects are on the stocks. One is a \$550m deal with the US Loral Electronics for an electronic aircraft counter measure system for the F-16 fighters already being made in Turkey. Feasibility studies are continuing, meanwhile, for a deal valued at up to \$1.5bn for the local manufacture by a LTV Aerospace and Eshel joint venture of anti-launch rocket systems.

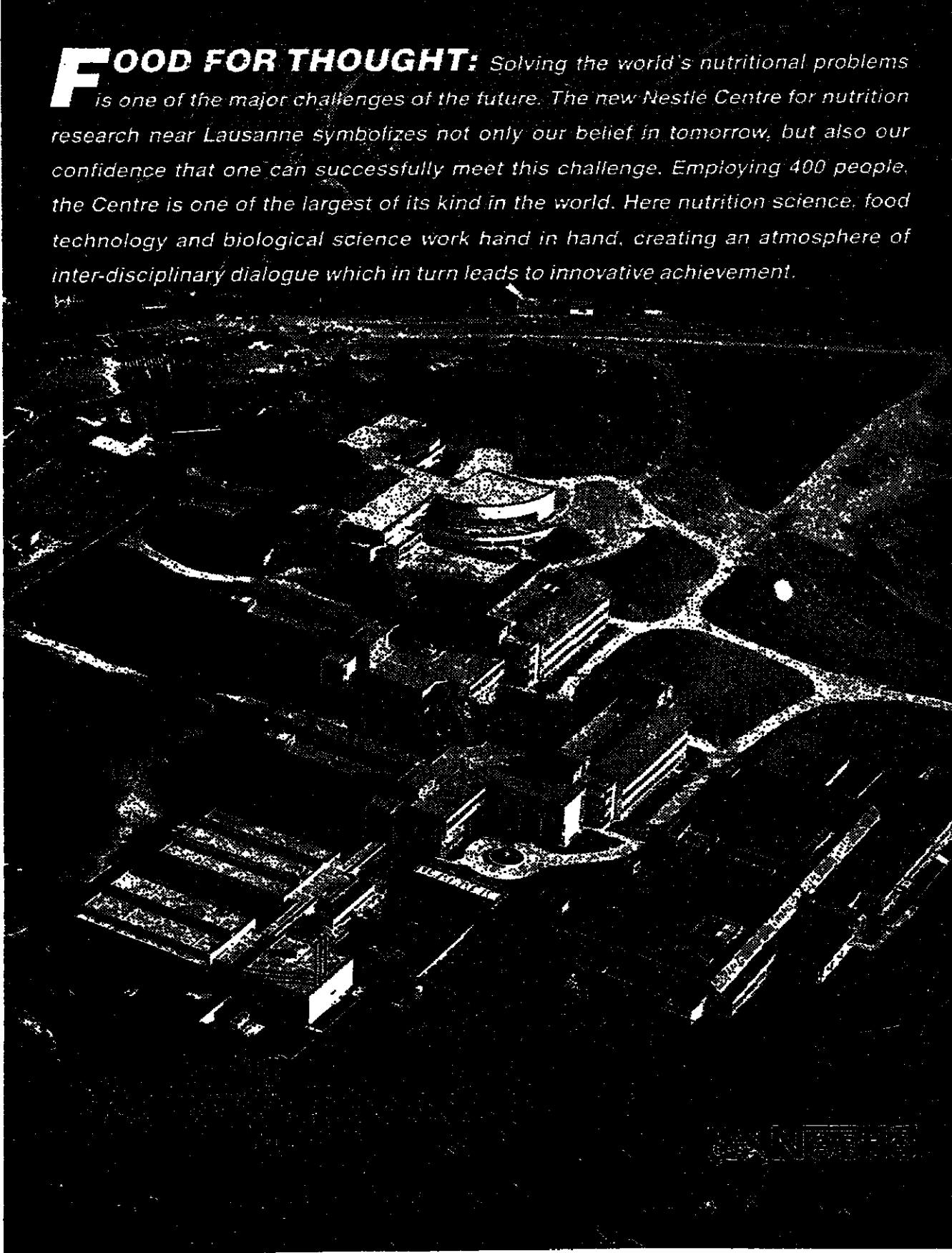


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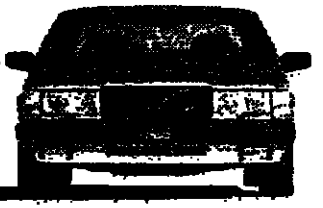
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## Handling of egg row attacked by MPs' committee

By Bridget Bloom, Agriculture Correspondent

THE Government's handling of the crisis over the safety of eggs, which erupted last year and developed into a major political storm, was yesterday roundly criticised by House of Commons select committee.

The all-party committee on agriculture criticised the Government in its report published yesterday for not acting more quickly to warn consumers of the possible dangers of eating eggs infected with a new strain of salmonella.

It blames the Government as a whole for failing to correct the situation on December 8 by Mrs Edwina Currie, then Junior Health Minister, that most British egg production was infected with salmonella.

The committee specifically claims that Mr Kenneth Clarke, Minister of Health and Mrs Currie's superior, "and any other ministers he consulted", badly misjudged the situation by failing to correct the junior minister's remarks.

The 30-page report, the result of a month-long inquiry during which the committee heard conflicting evidence from ministers, officials, farmers and consumers representatives, also criticises the "highly fragmented" egg industry.

The Government is criticised for allowing more than a year to elapse between the recognition of an emerging problem in November 1987 to the publication of codes of practice for the industry a year later it says. But the industry was consulted about the problem in June last year and its reluctance then to act "was indicative of a determined head-in-the-sand attitude" the report says.

That part of the report was criticised yesterday by Mr John Coles, chairman of the British Egg Industry Council. However, he welcomed the committee's findings that normal healthy people should feel no cause for concern about eating eggs.

Although highly critical of the Government's political handling of the affair, in the

main body of its report, the committee steers carefully between the extremes of evidence it received on the extent, causes and necessary remedies for infections from salmonella in eggs.

Mr Clarke yesterday completely rejected the committee's criticism of his handling of the situation immediately following Mrs Currie's resignation. He admitted, however, that he and Mr John MacGregor, the Agriculture Minister, would be looking carefully at the "serious bits of this otherwise well considered report and would respond formally to it in due course.

The committee said Mrs Currie's statement should have been retracted but the fact that it was not was a failure of the Government not just of a single minister. The main body of the report is rather more balanced than his comment on the political handling of the crisis would suggest.

It comes to broadly similar conclusions to those reached by government officials. The committee believes that normally healthy people need have no cause for concern about eating eggs. But it also catalogues the virtual impossibility of establishing the extent or causes of infection in eggs or the remedies.

It notes that while Mrs Currie was wrong to say most egg production was infected, and while some cases might be wrongly attributed to eggs "the Government was right to make egg production the first focus of its attention" as it looked for the source of the increase in food poisoning.

But it "entirely endorses" the principle that "consumers should not be expected to shoulder responsibilities for preventing food poisoning which properly lie with food producers... The Government's goal should be to give eggs a clean bill of health."

*Salmonella in Eggs Agriculture Committee First report 1988-89. HMSO £4.70*

## Shell set to proceed on Gannet

By Steven Butler

SHELL Exploration and Production yesterday signalled its intention to proceed with the £700m development of the Gannet complex of four oil fields in the central North Sea, 180km east of Aberdeen.

Shell said yesterday it had invited tenders for contracts worth more than £200m for four major items of equipment: power generation, cranes, pumps, and bulk steel for pipeline construction.

The project, a joint venture between Shell and Exxon which must still gain final approval from both companies' boards and the Department of Energy, would provide more than 2,000 jobs in design, fabrication, hook-up and commissioning during the next three years. Production is expected

to begin in 1992. Shell had proposed to develop Gannet in 1984, but shelved the project when oil prices collapsed in 1986. In the interim, Shell said the cost of the project had been cut substantially.

Costs in the North Sea oil industry have fallen sharply in recent years, both because of improvements in management and new technology. The reduction in costs, combined with a high rate of success recently in oil exploration, has brought Britain's oil services industry rapidly out of the deep slump caused in 1986, and a number of fabrication yards were forced out of business.

The four fields are estimated to hold 170m barrels of recoverable oil and condensate, a light hydrocarbon, and 700bn cubic feet of gas.

The proposed project would have a central processing unit linked to three subsea developments. Oil would be exported through the Fulmar floating storage system, and gas through the pipeline from the Fulmar platform to St Fergus.

Invitations for detailed design tenders for the jacket and topsides are to be issued shortly, while construction contracts are to be awarded in the third quarter of the year.

The central platform will stand in 312 feet of water, and weigh 8,000 tonnes. The topsides will weigh 9,500 tonnes, and is to be fully commissioned onshore.

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## Bombardier bids for Short Brothers

By Lynette McLain

BOMBARDIER, the Canadian company that makes the Challenger business jet, said in Montreal yesterday that it had made a bid to buy Short Brothers, the Belfast aerospace company the Government wants to privatise.

The companies are each developing small, twin-engine, short-range regional airliners able to carry about 50 passengers.

The Shorts proposal for its 2500m FJK project depends upon government aid and international partners before the company will launch the

aircraft on world markets. Bombardier is developing its New Regional Airliner, aimed at the same market as the Shorts FJK.

It is unlikely that both projects would proceed if Bombardier was successful in buying Short Brothers.

By pooling their resources on the design of the world's first small, 50-passenger, twin-jet airliner, the companies could have a commanding lead in world markets for a type of airliner that is likely to be in high demand in the 1990s, as European deregulation takes

off with the single European market in 1992.

The Canadian Challenger business jet is the main product of Bombardier, the aerospace subsidiary of Bombardier.

The Canadian group does not make guided missiles, unlike Short Brothers, and its involvement in military aircraft is restricted to military versions of its Challenger business jet.

Shorts makes military freighter aircraft and the Tucano trainer for the Royal Air Force.

## Wing and a prayer as Concorde takes off

Michael Donne recalls the prototype's maiden flight on a misty Sunday in Toulouse

THE MIST hung heavily over the airfield at Toulouse in France just 20 years ago, on the morning of Sunday, March 2 1969. The dour weather was intensely frustrating for the several hundred journalists gathered for the maiden flight of the prototype Concorde, known simply as 001, the world's first supersonic airliner.

It had been the same day before, with the edict of "No flight today" being issued early. So we had to kill time, and to keep us quiet Sud-Aviation, which became Aerospatiale a year later, and the British Aircraft Corporation - now part of the British Aerospace - held a press tour of Toulouse, which most of us knew well already, and then took us to see the ancient city of Carcassonne in the afternoon.

There was no real worry for myself, Arthur Reed of The Times and Air Commodore Teddy Donaldson of the Daily Telegraph, a trio known in those days as "The Three Musketeers" of the Air Correspondents' Corps. We had no work to do that Saturday. But for the Sunday journalists, it was infuriating.

Concorde 001 was hidden by the mist hanging over the Sud-Aviation complex on the other side of the airfield from the Terminal Building, under heavy guard.

After extensive ground testing since the roll-out over 14 months earlier, André Turcat, the burly chief test pilot of Sud-Aviation, who later became Mayor of Toulouse, was satisfied, and ready to fly as soon as the weather improved.

We all knew the aircraft and had lived with its development since its began at the Anglo-French pact of November 29 1962. We had made many visits to Toulouse and Bristol, where the second prototype, 002, was being built.

It flew a few weeks after 001, to see both aircraft take shape. We had stood with Anthony

Wedgwood-Burn, UK Minister of Technology in the Labour Government, in the biting cold at the roll-out of 001 on December 11 1967, to hear him decree, to please the French, that the British should henceforth spell Concorde the French way, with an "r", because, he declared: "It stands for Excellence, for England, for Europe and the Entente Cordiale."

Millions of words had by then been written about the venture. The manufacturers were anxious to counter the mounting opposition from the anti-noise and anti-cost lobbies, both critically vociferous about what they regarded as an expensive and unnecessary menace to mankind.

I regarded it as a brilliant example of advanced aeronautical engineering that promised to revolutionise long-distance air travel. Subsequently, despite all that others have said, I have never wavered from that view, having flown in Concorde many times. It is my favourite aeroplane by a long way.

Early on the Sunday morning, we were taken to the airfield in buses. We were told strict control would be exercised over the press. They would all be taken to a farm, well down the runway, where food and drink would be provided, with telephones, and a good view of the action, and there they would stay all day.

I was surprised, and rebelled, deciding quietly to do things my own way. Teddy Donaldson opted to stay with me, but Arthur Reed went with the crowd to the farm. I had arranged a couple of Sud-Aviation Concorde passes, which Teddy and I substituted for our press badges, thereby ensuring that we could remain in the terminal building all day without hindrance with a bar, restaurant, telephones and warmth.

There was little to do but eat, drink and wait, apart from routine calls to the office to report the situation. When the mist thickened around mid-morning, we began

to despair of any flight that day, but were assured by Sir George Edwards, chairman of BAC and known as "uncle" to his employees, that André Turcat would fly the delta-wing plane if it was at all possible.

Covering maiden flights has always been an uncertain business. There is never any guarantee that they will go as planned, and I have spent many days on cold and windy airfields, waiting for new aeroplanes to perform, usually late.

After lunch, the weather began to improve, with a cold, east wind getting up to disperse the mist. We learned that 001 had been brought out of

## Minister preparing legislation to permit privately-run prisons

By Alan Pike, Social Affairs Correspondent

LEGISLATION to enable privately-operated remand prisons to be established in Britain by 1992 is being prepared by the Government.

Mr Douglas Hurd, Home Secretary, said yesterday that the laws will be introduced provided he is satisfied with the results of detailed investigations of potential private contractors and their costs.

A report commissioned by the Home Office from Deloitte, Haskins and Sells, management consultants, yesterday concluded that private sector involvement in the remand system should improve conditions, reduce costs and cut crime. The report said it would be possible to "set up adequate safeguards in response to the legitimate public concerns that have been expressed about such involvement."

Mr Hurd, in a carefully-worded House of Commons statement, stopped short of giving the complete go-ahead for privately managed remand centres at this stage. His announcement was, however, another step in a process which is almost certain to lead to private remand prisons.

The Home Secretary said there were "positive indications" in the consultants' study which needed further detailed investigation. "No potential contractor should enter this

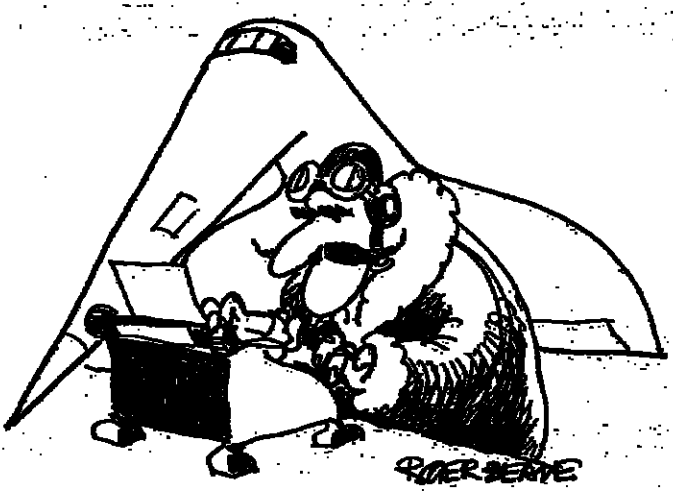
field believing it will be an easy option. Standards would be high and would be rigorously enforced."

Mr Hurd said the Government also intends - again subject to a final decision later - to allow private sector organisations to escort prisoners between prisons and the courts. This would mean police and prison officers for other tasks.

Private sector involvement in the prison service is opposed by a wide-ranging coalition including penal reform organisations, the Prison Officers' Association and the National Association of Probation Officers. Mr Roy Hattersley, Labour Party home affairs spokesman, told Mr Hurd yesterday the idea would "damage the prison service and the reputation in equal measure."

Private sector organisations, at first, would be allowed to run only new remand centres. Mr Hurd said his accountability for the treatment of prisoners and the safety of the public would be maintained in privately run institutions. All private remand centres would be subject to permanent on-site monitoring by a government official.

Much of the worst of Britain's serious prison overcrowding problem is in remand prisons.



by its monitoring chase-planes and TV aircraft. It seemed an age before it returned to make a smooth, and impressively quiet landing, standing up on its tail just before touchdown in that aerobically "praying man's" position that has become so familiar. It had been airborne for some 27 minutes.

Our decision to stay in the terminal paid off. André Turcat brought the aircraft back to the very front of the building. He came down the steps to a carpet of cheering and applause, and was almost carried into the terminal, surrounded by dignitaries. He jumped up on to a large table, and waving his arms wide he cried: "And so, at last, the 001 flies, and as you can see, it flies very well."

The cheering grew tumultuous. It was enough, I pushed through the crush to get a few words - "It was as perfect as we had expected," he told me, and then he was swept away.

Deadlines were looming. We took a taxi back to the hotel, and began phoning. By the time we had finished, it was early evening, and the journalists gathered in the bar to talk it all over. The gang from the farm struggled back, envious of our tales. The farm, they declared, had been a flop, with lousy food and wine, too few telephones, everybody too officious, and only a brief view of the action.

Back at London's Heathrow Airport, we piled into Teddy's E-Type for a fast drive into London, 19 minutes by my reckoning, with traffic parting ahead of us as Teddy's finger used the horn as firmly as he used the gun-button in his Hurricane in the Battle of Britain.

Back in the office, the news editor was cool. "I expected you earlier," he said. He thrust some tape at me bearing a mundane story. "Whack out a couple of hundred words on that before lunch for an early page." The embargo lifted, and one of the world's greatest aviation occasions was over.

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Warrants for subscription of shares of common stock of the Company issued in connection with U.S.\$150,000,000 2 per cent. Guaranteed Notes 1992

Pursuant to Clause 4 of the Instrument and Condition 11 of the Terms and Conditions of the Warrants, we hereby notify as follows:

- The Board of Directors authorized on 22nd February, 1989 to effect a free distribution of shares at the rate of 0.05 share per one share held as of 31st March, 1989 at 5:30 P.M. Japan Time (the record date).
- Accordingly, the Subscription Price will be adjusted pursuant to Clause 3 of the Instrument and Condition 7 of the Terms and Conditions of the Warrants effective as from 1st April, 1989, Japan Time.
  - (1) Subscription Price before adjustment: Yen 1,302
  - (2) Subscription Price after adjustment: Yen 1,240

**Keihin Electric Express Railway Co., Ltd.**  
2nd March, 1989  
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**Hearts of Oak Benefit Society**

**Appointment of Treasurer Elect**

The current Treasurer of the Society retires in June, 1990. It is desired to appoint a successor in June, 1989. Professionally qualified candidates of the age 25 or below the age 60 years should submit their personal details and C.V. to the Chairman of the Board of Directors of the Society by the 31st March, 1989.

The Board of Directors will select a short list of candidates who will be required to appear before the Annual Meeting of the Society in June, 1989. This annual meeting, attended by the Society Delegates, is the venue where the final appointment will be made.

Terms and conditions of employment will be explained at any interview granted, but candidates may expect a basic salary of c.£26,000 per annum to commence. In addition, there is a contributory final salary pension scheme and low cost mortgage facilities. A Society car will be supplied with running expenses reimbursed by the Society. The ultimate appointment as Treasurer of the Society will rank as the second Official of the Society.

This advertisement will be made available to both internal and external candidates.

Written applications only to:  
Chairman, Board of Directors, Hearts of Oak Benefit Society,  
84, Kingsway, London WC2B 6NR.

*(Nothing enclosed in top left hand corner "PERSONAL TREASURER ELECT".*

**A MEMBER OF IAURO**

Handwritten signature or mark at the bottom center of the page.







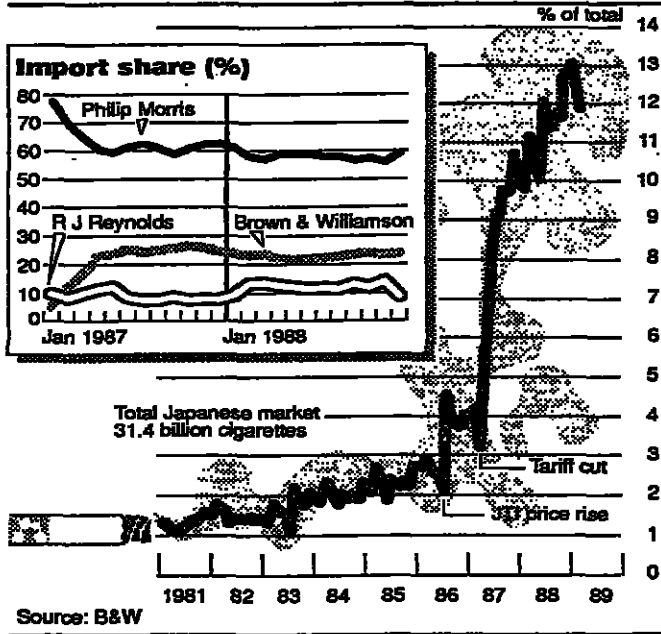
MANAGEMENT: Marketing and Advertising

Exporting to Japan Tobacco makers pierce the smokescreen

Stefan Wagstyl reports on foreign cigarettes' share of the market

Western success in the Japanese consumer market is almost as rare as a sashimi (raw fish) sandwich. Apart from Coca-Cola in soft drinks, Nescafé in coffee, and McDonald's in hamburgers, there are few everyday US or European brands which have become household names in Japan. Most of the best-known foreign brands in Japan are luxury labels - BMW, Burberry, or Louis Vuitton. However, in the past two years, Western cigarette makers have added their names to the list. Since duties on imports were lifted nearly two years ago, foreign cigarette makers have trebled their market share in Japan to nearly 12 per cent of a market worth Y33 trillion a year (\$13.6bn).

Cigarette imports in Japan



Source: B&W

have it all their own way. For example, Rothmans, the late-comer to Japan, has found it hard going, concentrating entirely on the luxury end of the market. Peter Murphy, president of Rothmans-Marubeni, says the company will have to be more flexible, perhaps by putting more effort into the mid-price range. R&R Nabisco, meanwhile, was hit by reports from the US that some of its cigarettes contained unacceptably high levels of insecticide. The importing companies also got embroiled in an expensive and inconclusive price war last year over cigarettes priced at Y200; they launched Y200 brands in a deliberate attempt to outflank Japan Tobacco. But the plan failed when Japan Tobacco hit back by heavily promoting its own Y200 cigarettes.

A frisky policewoman makes an arresting ad

Alice Rawsthorn examines the latest bout in the UK jeans war

Soft sunshine seeps through one of Los Angeles' seedier back streets. A policewoman steers her Harley Davidson motorbike behind a young man in blue jeans. She tells him to stop, orders him to spread against a fence, and frisks him for a long, long time. The back street and the frisk are all part of the new TV and cinema commercial for Wrangler jeans. When the commercial, by BBDO, was unveiled this week, it fired the latest shots in the increasingly bitter battle for the \$322m UK jeans market.



Wrangler unveils its latest campaign this week

A successful advertising campaign is critical for Wrangler, which has seen its share of jeans sales drop sharply in recent years. Wrangler has flourished in an increasingly fashion-conscious market and has been burdened by the financial problems of its US parent, which was recently taken over by the VF Corporation, the owner of Wrangler's rival, Lee. Wrangler has responded by poaching executives from Lee's cost-cutting strategy and investing more money than ever before - about \$2m - in advertising. Yet Wrangler's campaign is only one of a crescendo of jeans commercials to hit the television and cinema screens this spring. Levi is investing over \$5m in a campaign by Bartle Bogle Hegarty. Lee is ploughing \$1.5m into a new version of its 'Rough Rider' commercial, created by Yellowhammer. Pepe will spend up to \$1m on its advertising through Publicis.

The scene is all too familiar. The proud owners of a newly purchased washing machine await its arrival. The package arrives from the warehouse - late, of course - is unpacked and the machine found to be dented or faulty. The customers return the product, fearing that the replacement will arrive in much the same state.

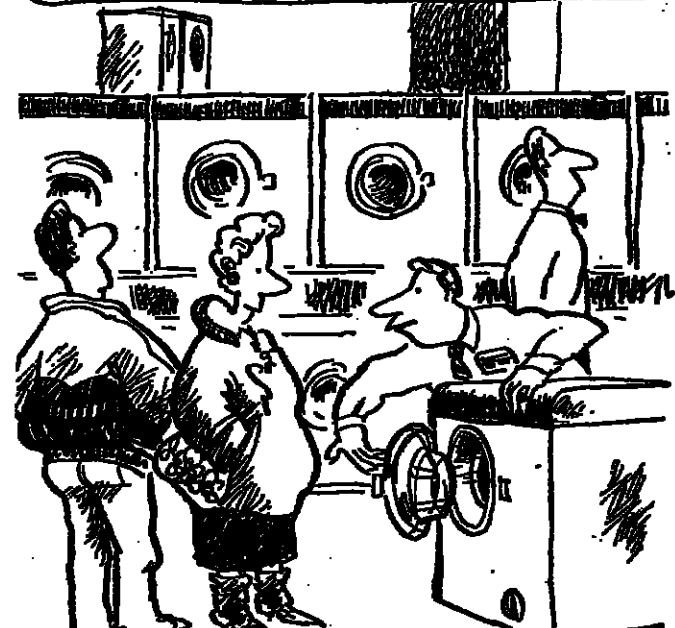
Delivering a dent to the bottom line

Paul Abrahams finds that packaging techniques often fail to protect the high-tech product

The scenario is played out every day. One leading London department store estimates that 11 per cent of the white goods it delivers arrive at the customer faulty or damaged. Manufacturers claim that the UK figures are between two and six per cent, most of the damage is inflicted after the machines have left the factory. Whatever the true figure, the cost of damage during transit to white goods such as washing machines, tumble dryers, cookers and refrigerators is considerable. The effect - and it is all too familiar in many industrial sectors - is to negate the effort to achieve total quality management. "If you estimate that six per cent of products coming off a production line each year are damaged when they arrive at the customer, you can see that it takes a nasty chunk off the bottom line," says Ben Parsons, consultancy manager of distribution and packaging at Pira, the Leatherhead-based technical centre for the paper and board, printing and packaging industries. The drive towards protecting products has arisen from the need to protect profit margins, says Kenneth Cox, sales and marketing manager at Lec Refrigeration, the Bognor Regis-based fridge maker. "Ten years ago, manufacturers never really worried about protecting products during transit," admits Cox, but now that margins have tightened across the industry, you just can't afford to absorb the extra costs generated by damaged machines. "What managers seem unable to grasp is that the true cost of faulty goods is much higher than the simple write-off value," explains Parsons at Pira. "It not only antagonises the supplier and customer, but also complicates paperwork, adds cost for transport to take the product back and redeliver the replacement, and increases the need for inventory."

Paul Abrahams finds that packaging techniques often fail to protect the high-tech product. Faults and damage to white goods mainly occur after they have left the factory. Inesit, the Italian home appliance manufacturer, estimates that 85 per cent of damage occurs during distribution. One reason for goods failing to arrive in working order is that the packaging is unsuitable or insufficient for the rigours of transit, says Parsons. Modern techniques are needed if the increasingly high technology content of the product is to be protected. "The first step towards achieving adequate packaging, he says, is to test the machine to identify intrinsically weak points. To do this, Pira's scientists quite simply drop the machine at measured G forces on a test-bed supplied by the Lansmont Corporation in California, until it breaks. The components that have failed are then pointed out to the manufacturer's engineers. Parsons says that it is often necessary to make modifications to the design of the machine to increase its capacity to withstand impact. Some common mistakes include failing to secure circuit boards effectively and not using locking washers to keep screws in place. Pira then tests the modified machine for its ability to withstand the sort of vibrations that it will meet during its voyage from factory to consumer. To do this a test machine is mounted as it goes on the actual series of journeys entailed. Accelerometers attached to vulnerable points on the machine measure their movement and feed the information to an oscilloscope, which displays it. This data is stored in the memory of a multi-channel recorder. A scientist accompanies the machine to make on-the-spot observations. Descriptions from both monitoring equipment and scientists are analysed to isolate the most stressful features of the

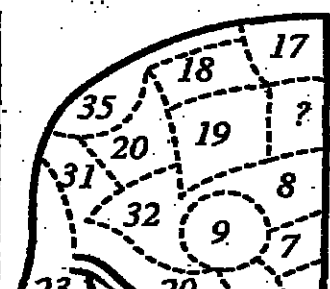
TECHNOLOGY SAME DAY DELIVERY NEXT DAY REPLACEMENT



to simulate transportation and storage to ensure that its machines arrive safely in the home. Analysts say that this commitment to quality at Hotpoint has paid dividends. They point out that the company has managed to increase its market share from 25 per cent to 40 per cent in the past five years while increasing prices. Improving packaging is not the answer to all transit problems, however. Salvo Malluzzo, manager in charge of logistics at Indesit UK, part of the Merloni Electrodomestici group, says that better packaging cannot replace effective control and management of distribution. "You need to indoctrinate staff about the need for care," says Malluzzo. "You need to be a saint not to create damage at some point. And if there is damage, I love my men even better to deal with it in the warehouse than at the customer's home." However, the real problems begin with third-party deliverers, says Malluzzo. The delivery business in the UK is highly competitive, often subcontracted and experiences continual price-cutting. "Sometimes even the retailer doesn't really know who is delivering the washing

Spotting burglars via the mains

TRANSEC, a Swiss company, has removed the need for expensive wiring in the installation of burglar alarms. Such cabling is thought to deter the use of such equipment, particularly in domestic premises. The new system, called Spot Alarm, employs the existing mains wiring to carry the detection signals. The user simply plugs a specially designed body into a ceiling fitting in the room needing protection. At another convenient mains outlet, the control box is plugged in. Up to 15 detectors can be connected. The ceiling units can detect people by their radiated body heat. They have an 18 degree cone of acceptance and so can be pointed at, say, a door or window. The detection range is up to seven metres and the units can be pointed slightly upwards to avoid false alarms from domestic animals. Spot Alarm is expected to sell in the UK for about £300 for one detector and a control box. Although this is rather more than the price of systems which need wiring, TRANSEC claims its cost is negligible. The system has the advantage that it can be unplugged and taken away if the occupant moves. The detectors use audio frequency tones, generated by tuning forks, which are transmitted over the mains cable by a radio carrier. Similar forks accept signals in the control box. The system is said to be immune from interference from mobile phones, cordless systems in nearby premises, and to cause no such problems itself. Problems caused through contracting out delivery appear to be worse in Britain than elsewhere in Europe. Malluzzo says that in Italy 90 per cent of delivery is handled by the manufacturers. This helps to limit damage to about 1.5 per cent. Michael Veaux, head of the packaging division at the Laboratoire National d'Essais in France, says that the rate of damage there is always less than 3 per cent. In the UK, manufacturers admit that damage can be as high as 6 per cent. "The man who solves the problem of transit damage in the UK should be paid £1m by each and every white goods manufacturer," says Malluzzo.



WORTH WATCHING Edited by Geoffrey Charlish

inserted and turned. It cannot be removed from the wall because the lock secures a case which covers the screws. Running from a three-year battery, the system costs about £20. The second unit, from Commel of Peterborough, also takes the form of a lockable unit fitting over the BT socket. The Commel Minder costs about £30 and can be programmed with seven call-barring permutations. These range from making local calls at cheap rates only to restricting trunk calls to three minutes. Programming is carried out from the handset keypad and calls outside the set program can only be made by the authorised person (a parent, for example) using a second personal identification number. Normally they lie flat, but impact on the front gate "springs the trap" and causes the plates to shoot open to a height of about two feet. This prevents the oncoming vehicle with massive steel edges able to take an impact force of 180 tonnes. This certainly stops the vehicle, often penetrating the front of it.

controllers). The state of the dampers and each reversible fan is monitored via a graphics display on the PC. The fire alarm building is divided into 12 smoke zones. If a fire occurs in any of them, the pre-programmed system goes into action to duct the smoke and fumes away. It works for 15 minutes, giving the emergency services vital time to evacuate the premises.

A trap for the high-speed raider

A FRENCH company has developed a system - with the characteristics of mouse trap - to deter attempts to drive at high speed through the closed gates of secure premises. The system was developed in response to the US and British compounds in Lebanon a few years ago. Like a trap, Gerfa's system is mechanical, so it will fall due to loss of electric power. First, a gate made from square wire mesh is horizontally hinged to the ground, is positioned across the entrance. Operated by a security guard, it opens back into matching slots in the road to give a smooth surface. If an attempt is made to crash through, the second part of the system comes into action. This consists of a row of thick, rectangular steel plates placed across the road and hinged at their farthest edges. Normally they lie flat, but impact on the front gate "springs the trap" and causes the plates to shoot open to a height of about two feet. This prevents the oncoming vehicle with massive steel edges able to take an impact force of 180 tonnes. This certainly stops the vehicle, often penetrating the front of it.

Program for cleaning smoke

AS COUNTLESS fire tragedies have shown, smoke can cause severe breathing and visibility problems for rescuers and rescued alike, even when the fire is some distance away. In the UK, the first computerised smoke clearance system has been successfully tested and will be installed soon in the Whiteleys shopping development in Bayswater, London. Berkeley Environmental Systems (BES), of Amersham, is responsible for the computing and software systems, working to a specification produced by Ove Arup, consulting engineers. In a fire, sensors will locate the flames and channel them out of the building. The system is run by a central personal computer which controls four fans and 48 damper units (duct flow

CD sales spin upwards

SALES of compact discs in the US, Japan and Europe rose to 39m last year, up 58 per cent on 1987, according to BIS Macintosh, a market research and consultancy company. In 1988, it expects world demand to exceed 540m discs, worth £10bn at retail prices.

CONTACTS: Transec: Switzerland, 22 628940; Pulway: London, 047 3336; Commel: UK, 0753 316444; BES: 0694 71117; Gerfa: Ring London 854 4440; BIS Macintosh: UK, 0682 405678.

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ARTS

CINEMA

A forty-carat fairy tale

Rain Man is a great modern fairy tale. For those who have been holidaying in the outer galaxies, this is the film starring Dustin Hoffman as an autistic savant which has collected eight Oscar nominations and \$10m at the US box office.



Dustin Hoffman in "Rain Man"

- RAIN MAN Barry Levinson
SCANDAL Michael Caton-Jones
D.O.A. Rocky Morton and Annabel Jankai
FATAL BEAUTY Tom Holland
THE UNHOLY Camillo Vela
RETURN OF THE LIVING DEAD PT 2 Ken Wiederhorn
LE GRAND CHEMIN Jean-Loup Hubert

instantly compute the exact number when 247 toothpicks fall on a restaurant floor. Rain Man has its grotesque moments: not least when Miss Gollino pops up as Cruise's pain-in-the-conscience girlfriend, wrapping her Italian vowels round lines like "Can you include me in some of your thoughts?" But mostly the film abounds with wit, charm and ingenuity.

Des Knaben Wunderhorn

FESTIVAL HALL

The delightful songs of Mahler's Des Knaben Wunderhorn are so often a disappointment in the concert hall that one starts to become wary of approaching them at all. These are lieder of a very specialised kind, as they require the voice to be pitched against a massive Mahlerian orchestra, and the singers one would most like to have interpret them often cannot make themselves heard.

American baritone Thomas Hampson they picked an outright winner. This is a strong, healthy voice and Hampson brought to all the male songs well-projected singing that would be difficult to beat today.

bounced untimely into the real world. In Scandal... watch the events that help bounce a true-blue Tory government out of the real world. As told by writer Michael Thomas and director Michael Caton-Jones, it is a shocking story.

Scandal for all its tendency to turn yesterday's cause célèbre into today's Variety Club outing for well-worn British thespians, is marginally better than it might have been. The Profumo story reaches the large screen after a vain and epic struggle to reach the small (but not it is whispered, by Whittaker Chambers).

It holds together like a suitcase packed by a determined fly-by-night criminal. It bulges in funny places but it is damn well not going to burst open. The strongest strap is John Hurt as Stephen Ward. The Profumo affair's scapegoat, whose chief offence was to distribute attractive young ladies gratis among his high-society friends, is given a crazy over-drive by Hurt.

Whalley-Kilmer's Christine Keeler and Bridget Fonda's Mandy Rice-Davies (despite the mid-Atlantic Cockney accent) chime in up creditably. And as the story powers on through the stratosphere of British society, per ardua ad Astors, Leslie Phillips, Roland Gift and others lend piquant support.

diverse bits into a stronger dramatic unit. And it needed to stick with the story beyond its tabloid appeal.

Elsewhere, this is a certifiable week at the cinema. No one of sound mind could want to see either of two American crime thrillers. D.O.A. has college professor Dennis Quaid charging around his campus trying to discover who fed him a fatal poison.

Fatal Beauty is worse: Whoopi Goldberg as an undercover cop caught up in a drugs-and-violence plot of terrifying tedium. Tom (Fright Night) Holland (despite the dodgy tamps) Meg Ryan and Charlotte Rampling. Shot like a film noir with a high fever, this risible farrago took two directors to make: Rocky Morton and Annabel Jankai.

You are better off with Jean-Loup Hubert's Le Grand Chemin. Despite a plot that sounds like an identical French pastiche - 9-year-old Parisian boy (Antoine Hubert) spends summer holidays with aunt and uncle in Breton village while Mama goes off to have baby - this film has real rather than synthetic charm.

The grown-ups (Anemone and Richard Bohringer) have a well-earned, bickering intimacy. And the little girl (Vanessa Gued) who befriends our hero is a no-nonsense tomboy determined to teach him everything a young lad should know: from life-risking walks along a church roof to remote-control urination.

Nigel Andrews



Simon Callow, and Alan Bennett as Anthony Blunt, in Bennett's "A Question of Attribution," the second part of his double bill "Single Spies" which transferred to the Queens Theatre from the National last night. Together with "An Englishman Abroad," it was enthusiastically reviewed by Michael Coveney when it opened last December.

The Voice of Ariadne

GUILDHALL SCHOOL

Thea Musgrave's operatic working of Heracles was first seen at the Aldeburgh Festival in 1974, and has travelled widely since. The Voice of Ariadne was written for the English Opera Group; the attributes that make it a good piece for small touring companies are its brevity and often strikingly pertinent and often strikingly memorable lyrics.

The welcome is not unqualified, for though Musgrave's music remains both dramatically pertinent and often strikingly memorable - none of its effects has dated - the libretto by Almira Elguera remains problematic. Four characters only are featured in the Henry James short story The Last of the Valeris on which the opera is based.

Giovanna d'Arco

BLOOMSBURY THEATRE

Verdi had just turned 31 when he composed Joan of Arc, his seventh opera. In this century performances of the piece have been rare, and it was brave - even reckless - of University College London Opera to champion it.

This is not quite the usual Joan, or "Giovanna." Her operatic partner is the Dauphin Carlo (tenor) and her seriously distressed father Giorgio (baritone). There are also small cohorts of angels (imported in gold wrap from the Finchley Children's Music Group) and of devils (undergraduates reeling

seems more melodramatic, less charged with Jamesian ambivalence - and slots the singers some deadening lines which no composer could bring convincingly to life. Besch has added an extra twist of his own, transplanting the action from the Rome of the late 16th century to the fashionable city of the late 1950s where, he says, the social and economic milieu of the upper class paralleled those observed by James. The style, especially in the dresses, has been well caught and the production (designs by Peter Rice) always looks fine, but there is no dramatic gain from its change to make it seem anything more than cosmetic.

Prokofiev Piano Sonatas

WIGMORE HALL

Prokofiev's nine sonatas and numerous smaller pieces comprise one of the central piano oeuvres of 20th-century music, along with Rakhmaninov's, Scriabin's, Debussy's, and Bartok's. Prokofiev is pianistic in a strikingly original way - and ended as an urgent calling to a new simplicity and poetry. He does not base his style on a Chopinesque notion of what is natural to the keyboard, nor does he very obviously draw on a Lisztian one.

intensity. The role of the Countess is harder to bring off (curiously, the writing for female characters in this opera seems less well focussed than for the men); Amy Robson coped well with the self-sacrificing virtues of the heart of the character and took her lines with well-schooled lyrical poise. The other characters seem all too stereotypical. But Julie Gossage's calculating, shrewish Marchesa and Susan Mackenzie Park's splendidly frumpish Mrs Tracey made an impact in their own right.

'Naive' goes serious

SALEROOM

The "naive" artist Helen Bradley is now commanding serious prices. "Stop the train" is a scene set in northern station in Edwardian times, populated with Lowry like figures, sold for £19,800 at Sotheby's yesterday, twice its estimate. "Frosty morning" by Edward Seago, also an artist in demand, also did well at £18,700. Another Seago, a scene of the Seine above Rouen sold for £13,200 as did "A Japanese maiden" by Jacob Kramer, a smaller version of the work in the Leeds Art Gallery. The morning session of modern British pictures totalled

£210,604 with 23 per cent unsold. A portrait of the Prime Minister by Ruskin Spear, first exhibited at the RA in 1975, sold for £5,000. A still life of fruit and a glass decanter by Philip Connard did well at £13,200. There was a temporary disappointment at Glendinning when the First World War VC awarded to Lt Frederick Johnson failed to find a bidder above £2,500 but there were high hopes of a private sale later.

February 24-March 2

ARTS GUIDE

EXHIBITIONS

- London: The Royal Academy, Italian Art in the 20th Century; The Barbican Art Gallery, The Last Romantics; The Hayward Gallery, Leonardo da Vinci: Artist, Scientist, Inventor; The Whitechapel Art Gallery, In collaboration with the Fundacio Joan Miró; The Hayward Gallery, La France: Images of Women and Ideas of Celebration of France, the Revolution Revisited.
Paris: Grand Palais, Paul Gauguin. Coming after Washington and Chicago, 250 works from all over the world form an important

retrospective of the legendary scenes inspired by hunting or first by the impressionist Pisarro and later by Degas and Cassandre. Until April 24, closed Tues. Last closing night Wed (42 96 58 30). Louvre, Closed for repairs until March 30. Picasso Museum, repairs ended, reopened from March 1. Centre Georges Pompidou, The young's tinkering genius sets his machines swirling and whirling in a riot of colours, yet the mood of the 100 exhibits moves from the exuberance of invention to metaphysical preoccupations in his recent works. Closed Tues. Ends March 27 (42 77 13 33). Le Louvre des Antiquaires, A show of wallpaper from 1720 to 1930. The exhibition displays 300 samples of this minor decorative art and shows how its development changed and underlines the changes of fashion. 2 Place du Palais Royal (42 97 27 10). Closed Mon, ends April 2. Musée d'Orsay, Paul-Émile Pissarro's photographs from Tahiti 1899-1970 show the melancholy reality behind Gauguin's dreams of an exotic paradise. Closed Mon, ends April 29 (40 49 42 40). Bibliothèque Nationale, Gauguin et l'École de Font-Aven, Echoing the retrospective at the Grand Palais, the Bibliothèque Nationale exhibits engravings by Gauguin and his friends, among whom O'Connor emerges as the most powerful personality. Ends March 5 (47 02 16). Musée du Luxembourg, Treasures of Gallo-Roman Silverware. The splendour of Roman silverware's work is brought to life by the rich finds on the territory of Roman Gaul. 250 exhibits show favourite decora-

five motifs - floral themes scenes inspired by hunting or first by the impressionist Pisarro and later by Degas and Cassandre. Until April 24, closed Tues. Last closing night Wed (42 96 58 30). Louvre, Closed for repairs until March 30. Picasso Museum, repairs ended, reopened from March 1. Centre Georges Pompidou, The young's tinkering genius sets his machines swirling and whirling in a riot of colours, yet the mood of the 100 exhibits moves from the exuberance of invention to metaphysical preoccupations in his recent works. Closed Tues. Ends March 27 (42 77 13 33). Le Louvre des Antiquaires, A show of wallpaper from 1720 to 1930. The exhibition displays 300 samples of this minor decorative art and shows how its development changed and underlines the changes of fashion. 2 Place du Palais Royal (42 97 27 10). Closed Mon, ends April 2. Musée d'Orsay, Paul-Émile Pissarro's photographs from Tahiti 1899-1970 show the melancholy reality behind Gauguin's dreams of an exotic paradise. Closed Mon, ends April 29 (40 49 42 40). Bibliothèque Nationale, Gauguin et l'École de Font-Aven, Echoing the retrospective at the Grand Palais, the Bibliothèque Nationale exhibits engravings by Gauguin and his friends, among whom O'Connor emerges as the most powerful personality. Ends March 5 (47 02 16). Musée du Luxembourg, Treasures of Gallo-Roman Silverware. The splendour of Roman silverware's work is brought to life by the rich finds on the territory of Roman Gaul. 250 exhibits show favourite decora-

the ranks of the RPO ensemble was raised. The First Symphony went rather better in a ferociously dramatic performance, full of hard and bright sounds. Ensemble was sharper by now. But the feeling remained of the music being brought from outside by a master orchestral driver rather than being allowed to unfold, with its idiosyncratic rubatos and tempo relationships naturally in place, as it might be by a conductor who had lived and worked within the Mahler tradition. Richard Fairman

- Geneva: Floral Palais, Cities - Cities a multi-media exhibition of film sets inspired by European and American productions, originally mounted in Paris's Grande Halle-La Villette, daily, ends May 21. Rotterdam: Roemer-Van Swinckel Museum, Twin exhibitions on Rembrandt and his school comprising a lavish 200 drawings and 30 paintings, all from the museum's own collection. Ends March 5. Berlin: Nationalgalerie, Potsdamer Strasse 60, Guggenheim Collection, Around 60 paintings from the Solomon R. Guggenheim Foundation in New York and Venice with works by Picasso and Pollock are exhibited. Ends March 12. Tübingen: Helze Bergmann's Paul Klee collection, Kunsthalle, Philosopherweg 76. The exhibition concentrates on the painter's most important period 1919-1928, with around eleven paintings, ninety sketches and gouaches as well as nine drawings. Ends April 16. Munich: Kunststiftung der Bayerischen Staatsregierung, Retrospective of Paul Delvaux. This exhibition with 65 pieces from all periods is the

- first big presentation of Delvaux's works in Germany. Ends March 19. Cologne: Eusebius Kollwitz Museum, Käthe Kollwitz (1867-1945), 120 early works by the German graphic artist Käthe Kollwitz, from the Dresden copper engraving cabinet collection, are exhibited for the first time outside Dresden. Neumarkt 18-24. Ends March 29. Stuttgart: Stuttgart Museum, Key works from the Thyssen-Bornemisza collection covering the period from the 14th-18th centuries, as well as works by Holbein the younger, Frans Hals, Peter Paul Rubens and Albrecht Dürer. Until March. Vienna: Museum der 20. Jahrhundert, "Klassische Moderne", a collection of the Museum's contemporary art. Ends March 7, 1989. Museum der 20. Jahrhundert, "Klassische Moderne", a collection of the Museum's contemporary art. Ends March 7. Milan: Palazzo Reale, Avant-garde European painting from private collections (1904-1984). Until March 5. New York: National Academy of Design, The 164th annual juried exhibit-

tion includes 183 works. Ends March 25. Museum of Modern Art, In advance of its arrival at London's Hayward Gallery in November, the first retrospective of the work of Andy Warhol since 1970. Ends May 2. Washington: National Gallery of Art, César: the Early Years. Already seen at London's Royal Academy of Art and the Musée d'Orsay in Paris, the exhibition comprises 65 oils and 35 drawings showing César's proto-impressionist techniques from 1929 to 1972. Ends April 30. Chicago: Art Institute, As part of a national tour, 67 rare ancient Greek sculptures, bronzes, and painted terracotta trace the development of the human form in art from the tenth to the fifth centuries BC. Ends May 7. Tokyo: National Museum, Treasures from the Ninnaji Temple in Kyoto. This Zen temple was founded in 938, but most of its present buildings date from the 16th century. Closed Mondays. Folkcraft Museum, Kamakura, East Meets West: ceramics and objects by the two greatest potters of the 20th century, Leach and Hamada. Closed Mondays. Museum of Modern Art, Arts and Crafts from China. This museum boasts a superb Chinese collection, of which only a small selection can be displayed at one time. Opens Tuesday.

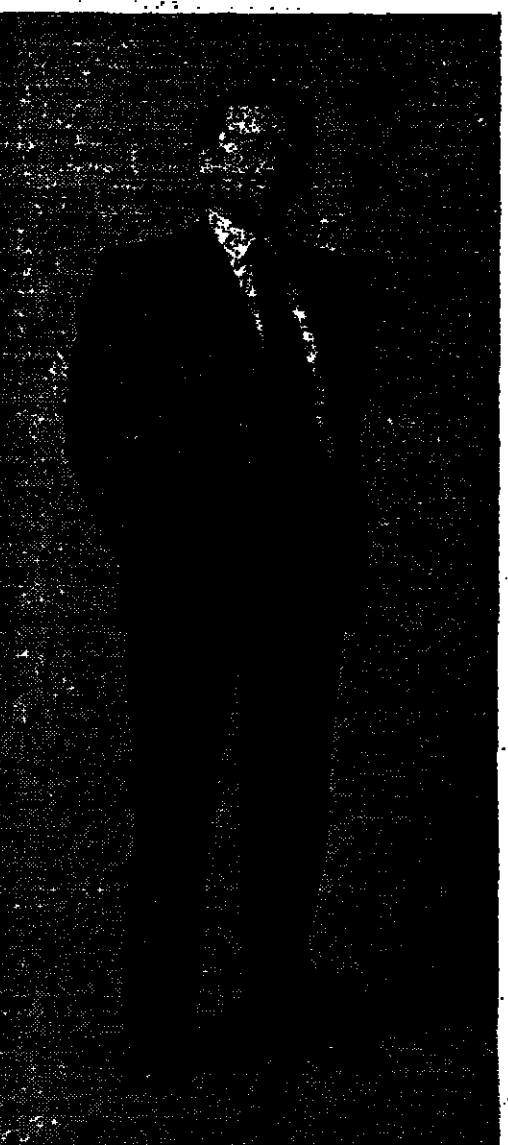
produced a hard, plain, all-too-forward sonority. Even when Prokofiev's piano music seems to be made of steel, it does not actually ask for a hammer-and-anvil approach from the pianist, but Ms. Nisman descends on her keyboard with a fury. Her idea of touch is sforzato and of dynamics a level noisiness. Listening to her clamorous account of the Four Studies Op. 2 was like receiving four hundred blows. One dreaded what was in store for one in the seventh and fiercest of the sonatas, and rightly. She has neither the artistic nor the technical to communicate aggression; she merely enacts it at her instrument, throwing the notes away, emitting like mad, and audibly grunting into the bargain. By the end of the beautiful and hugely demanding eighth sonata my nerves were in ruins. Paul Driver





Y MARCH 1989  
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m the Nation...  
by Michael...

"I want to put to good use the market knowledge I've gained from working as a diplomat in the Far East."



Paul Dimond, Foreign and Commonwealth Office.

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George Kennedy, Chairman, Smiths Industries Medical Systems.

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# FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF  
 Telex: 8654871 Fax: 01-236 9784/5 Telephone: 01-248 8000

Thursday March 2 1989

## Reading the tea leaves

THE FIGURES on the current account for January 1989 offer the Chancellor of the Exchequer the worst of both worlds. The deficit was only £200m worse than the consensus forecast and so not bad enough to justify higher rates of interest. The figures were also not good enough to avoid further downward pressure on sterling. Consequently, Mr Lawson finds himself in the uncomfortable position, with the Budget less than two weeks away, of constantly looking over his shoulder at what is happening to sterling.

The pressure on sterling partly reflects monetary tightening elsewhere. Above all, interest rate differentials vis-à-vis the D-Mark have fallen by more than 1½ percentage points since base rate was raised last November. But domestic performance matters too, for it determines the interest differential that Mr Lawson needs to maintain.

So how should Mr Lawson read the tea leaves in yesterday's cup of information on the trade balance and the money supply? The good news is that the current account deficit is stabilising and monetary growth falling. The bad news is that the current account deficit remains huge.

### Explosive growth

The current account deficit for the last quarter totalled one of £18m over a year (roughly 4 per cent of gross domestic product). But following a deficit of £4bn in the three months, August to October 1988, the figure for the latest quarter does at least suggest that the explosive growth in the deficit during the second half of 1988 has ceased.

The question now is whether the deficit will decline or merely stabilise. At first glance the figures reveal light at the end of the tunnel. At an annualised rate the growth of the volume of exports (excluding erratic items) for the first two quarters was 9 per cent. If growth of export volume can be maintained, while that of imports slows, maybe the UK will grow its way out of the deficit.

Looked at more closely, the gleam of light turns out to be an illusion. The volume of

exports of manufactures (less erratic items) grew at an annual rate of only 3½ per cent between the last two quarters. Meanwhile the volume of imports of manufactures (again less the erratic items) grew at an annual rate of over 17 per cent. There is no evidence here of the performance required for a "soft landing".

### Policy touchstone

The monetary statistics are somewhat more encouraging. Seasonally adjusted narrow money (M0) fell by 0.6 per cent in January, while the annualised rate of growth of M0 was only 2.3 per cent over the latest three months. Meanwhile, seasonally adjusted broad money, M4, rose by only 0.7 per cent (an annual rate of under 9 per cent), well below the 18 per cent increase over the previous 12 months. Monetary tightness is working, therefore, though the onerous from past growth remains daunting.

None the less, the exchange rate remains the touchstone of monetary policy. Further significant sterling decline, especially vis-à-vis the D-Mark (against which it has lost more than ten pence since the beginning of last week) cannot be permitted. An increase in base rates on further sterling weakness would provide the Chancellor with the stability he needs to present his Budget.

At this stage in both the economic and political cycles the case for minimal tax "cuts" in the Budget also seems overwhelming. Given the UK's strong fiscal position, the Chancellor should comfort himself with the thought that tax cuts postponed will allow still bigger tax cuts (not to mention, politically attractive expenditure increases) in succeeding years.

A year ago, too, it was the currency that threatened to undermine the festivities of Budget day. But then it was a year ago that the Chancellor announced his policy. Now the Chancellor finds himself in precisely the opposite situation. The foreign exchange markets are a fickle master, but ultimately the fate of sterling and so of interest rates depend on how they, not the Chancellor, read the tea leaves.

## Spreading the ozone news

WHATEVER may be said about the British Government's record on environmental matters as a whole, next week's Ozone Conference in London must be regarded as a possibly useful initiative that could have a positive effect. The charge made this week by Friends of the Earth, that on many similar issues action by Whitehall has been both belated and insincere, is certainly has the ring of truth - but it is also true that the single most important diplomatic action that can be taken to protect the ozone layer is to convince as many countries as possible that the danger exists. One by one, as an expedition has chance that some of them do something about it.

### PR theatre

The Government's decision to call the conference, and to the opportunity to promote British substitutes for the chemicals and processes responsible for ozone depletion, is without doubt a piece of public relations theatre. The underlying issue is, however, too important to ignore. When the Montreal Protocol was agreed in September 1987 the promise of a halving of the consumption of harmful chlorofluorocarbons (CFCs) by 1999 seemed like a breakthrough. Since then an expedition has returned from the Antarctic - where the "ozone hole" was first discovered - to announce that the situation is much worse than at first thought, while another - in the Arctic - has found high levels of ozone-depleting gases in that region.

Only 31 of some 50 participants at Montreal have ratified the protocol; China and India have not so far taken part in the process. Without their willing co-operation, the long-run prospects for the ozone layer would be poor indeed. The matter is now urgent. The increase in ultra-violet radiation that reaches the surface of the earth as a result of ozone depletion is thought by a number of distinguished scientists in several countries to be harmful to human life. The British Government, which insists on rigorous proof, has been so far convinced by arguments that it has set a target of an 85 per cent cut in emissions of CFCs at as early a

date as possible. The hope must be that this target is raised to 100 per cent at next week's conference. About 115 governments have agreed to take part, mostly at ministerial level. As host, Britain is looking forward to the attendance of China, India and South Korea. The opening speech will be made by the President of Kenya. This is an auspicious choice, since the enthusiastic support of developing countries is essential. It has until now been thought easier for wealthy countries to abandon the use of CFCs in aerosol sprays than it might be for poor countries to accept CFC substitutes when they manufacture refrigerators and air conditioners, but next week's message could be more optimistic. In most cases the necessary substitution technologies are at an advanced stage of development. The cost to developing countries of moving at once to the use of the newest ozone-friendly method of manufacturing may not be high - but if it is, Britain should take a lead in offering schemes to help them meet it. As in so many other environmental matters, the North cannot expect the South to bear the economic burdens of conservation without assistance.

### Reduced time-scale

The next step, after London, is a more formal conference at Helsinki. It is there that the Montreal targets could be properly enhanced. The time-scale for phasing out the use of harmful CFCs could be reduced. This will depend in part on the pressures in individual countries: it was public campaigning that led to the announcement that most leading British aerosol manufacturers will now cease the use of these chemicals by the end of 1989. Ministers representing closed societies may nevertheless accept the idea of a quick phase-out after being exposed to the arguments of the scientists who will be present at the London conference.

The good response to the British Government's freeland exercise in calling a conference is encouraging evidence that the hole in the ozone layer is now a matter of worldwide concern. If a little PR helps get that concern towards useful action, so much the better.

William Dullforce on a scandal which is shaking Swiss confidence

## Ferment in the Alps



At the centre of the storm: Mrs Elisabeth Kopp and her husband, Hans

THE Swiss political and banking establishments are in the throes of a rare moral crisis. Unusually for a country whose first woman Cabinet minister, Mrs Elisabeth Kopp, and has given many Swiss a disturbing insight into what one journal described as "the hidden face of the Swiss financial centre".

The cause of the ferment was an investigation by a determined young public prosecutor in the canton of Ticino into the alleged laundering through Swiss banks and companies of some \$1bn (£570m) "dirty money" from international drug traffic. The soul-searching reached a climax this week with the decision of the federal lower chamber in Bern to lift the parliamentary immunity of Mrs Kopp, who was Federal Councillor (Minister) in charge of the Department of Justice and Police until her forced resignation last month.

If, as expected, the upper chamber follows suit next week, Mrs Kopp's actions will be investigated by a federal judge. If he decides she has violated official secrecy rules and perhaps obstructed the course of justice, she could be brought to trial.

The penalty prescribed for breaching secrecy is a fine of up to Sfr 40,000 (£14,750) or a prison sentence of up to three years.

No federal councillor has ever faced such a prospect before. Mrs Kopp's first mistake was to warn her lawyer husband, Hans, about suspicions focusing on Shakarchi Trading, a Zurich-based company, of which he was a board member. Mr Kopp resigned from the company after a telephone call from a Ticino prosecutor, named Shakarchi as one of the organisations through which it was alleged that two brothers, Jean and Barkey Magharlan, had been laundering drug money for some years. The brothers had been arrested in connection with the seizure in

1987 of 100 kilograms of heroin at Bellinzona in Ticino. A government-appointed special prosecutor confirmed Mrs Kopp's call to her husband - after it had been revealed by a newspaper - and asked that her parliamentary immunity be lifted to facilitate investigation into the possibility that she had breached official secrecy rules. Mrs Kopp insists she did not know at the time of her telephone call that the information about Shakarchi passed on to her by her personal assistant came from official documents. However, she aggravated her case by lack of frankness in subsequent public statements.

A federal judge is investigating the behaviour of officials in the Justice Ministry, including the office of the Federal Public Prosecutor. The judge's writ extends to investigating charges that federal officials have been lax in responding to requests for legal assistance from other countries, notably in drug trafficking cases, and may even have protected people named by foreign investigators.

Mr Rudolf Gerber, the Federal Prosecutor, has taken legal action against a newspaper for its reporting of his conduct in handling files concerning the Shakarchi company and Mr Kopp.

Two parliamentary commissions have been appointed to look into the functioning of the Justice Ministry and to determine deficiencies in Swiss legislation facilitating the laundering of dirty money.

The four political parties - Radical (conservative), Christian Democrats, Swiss People's Party (centrists) and Socialists - which have governed the Swiss Confederation in coalition for the past 30 years have reacted strongly to try to heal what they rightly diagnose as a public crisis of confidence.

Until the disclosure led to Mrs Kopp's resignation, she had earned a reputation as an effective, hard working minister. But, at the time of her election to the Federal Council (Government), some newspaper commentators pointed to the dangers inherent in her husband's background and influence.

The Koppes come from the Goldkiste, (Gold Coast) or right bank of the lake on which the cream of Zurich's bankers, insurers and businessmen live. It is also the heartland of the conservative wing of the protestant Radical Party. Many Swiss, rightly or wrongly, believe that the Goldkiste contains Switzerland's highest concentration of economic and political power.

Recent reporting on Mr Kopp's business activities has raised doubts about how that power is sometimes used. He was connected with a venture capital company which is under investigation. He was once suspended temporarily by the lawyers' association. He has just been fined over a tax claim. After the publicity given to the Shakarchi case, Mr Kopp resigned from posts on the boards of the Zurich subsidiaries of ICI, the British chemicals group, and of Fujl Bank.

The Kopp affair has undoubtedly tarnished the image of the Goldkiste and of the Zurich Radical Party. One result is that, for the first time, the canton of Zurich has lost its seat on the Federal Council.

The wider, international implications of the agitation are reflected in the accusations levelled against Shakarchi by Mr Marty, the prosecutor investigating the money laundering case. Shakarchi has an important banknote clearing business, through which proceeds from drug traffic were passed, Mr Marty claims.

Shakarchi was also linked by the US embassy in Bern to another drug money laundering scandal, dubbed Pol Cap, in the US. The alleged link was to an account which, the embassy said, Shakarchi maintained with a New York bank. Swiss authorities said the account contained \$500,000 in alleged drug money.

Mr Mohamed Shakarchi, the owner of the company, has consistently denied all these accusations and Shakarchi has not been formally charged.

Drugs trafficking is a criminal offence in Switzerland, and in practically all other countries, but laundering drug profits from operations outside the country through Swiss banks

or companies is not punishable under present Swiss law, unless it can be shown that the bank or company knew the funds were being reinvested in the drugs trade.

The publicity given to this aspect of the Kopp-Shakarchi affair has caused disquiet among public and politicians. US drug enforcement agents, who argue that the finances of the drugs trade must be hit as hard as the manufacturing and marketing, are pleased that the Swiss are starting to worry about laundering.

At present couriers carrying suitcases stuffed with banknotes can enter the confederation without being stopped by customs officials. At the banks the only obstacle to the conversion of the notes into other currencies or gold is the agreement operated by the Bankers' Association under which the banks undertake to identify their clients and ensure themselves of their respectability. That agreement does not cover the so-called parbanks or companies operating without a banking licence.

Credit Suisse, with whom Mr Marty said the Magharlan brothers had deposited Sfr 1.4bn in various currencies over two years, has protested that it had no reason to doubt that the brothers' business was respectable.

The Swiss National Bank and the Federal Banking Commission have both called recently for a tightening of regulations. The banks are opposing legislation, ironically enough drafted at Mrs Kopp's behest when she was minister - under which negligence by bank officials in processing criminal funds would be punishable as well as deliberate assistance in laundering.

When parliament this week lifted Mrs Kopp's immunity, Socialist supporters of the ruling coalition spoke of "abuse of power and corruption." The affair has shown that Switzerland is "not the exemplary state we thought," one parliamentarian says. He and his colleagues' evident determination to clean up suggests that the affair has not yet run its full course.

## Hoskyns goes on fighting

Sir John Hoskyns, the director-general of the Institute of Directors who seems to have fallen out with Lord Young, the Trade and Industry Secretary, will make another speech today to clarify his position about 1989 and all that.

Hoskyns is due to address the German Chamber of Commerce in London at lunch-time. He may say that there has been some misunderstanding between Young and himself that ought to be cleared up. Yet he is also likely to repeat the fairly strong message that the preparations for 1989 are not going at all well.

The argument came into the open when Hoskyns was interviewed on BBC Radio 4 ahead of his speech at the IoD's annual conference on Tuesday morning. A somewhat outspoken man at times, he indicated his reservations about the progress so far. Young was then interviewed separately and complained that Hoskyns should have consulted him first.

In fact, the two men have been in frequent contact about 1989 over the last few months, as one would expect from their respective positions. Hoskyns has been saying for some time that the DTI and the Brussels Commission were not getting down to the nitty-gritty of what the single market is meant to be about. In his view, it is a matter of striking the right balance between regulation and the freedom for business to operate.

Hoskyns said all that quite strongly in the presence of Lord Cockfield, then the vice president of the Commission, last summer, and sent a copy of his remarks to Young. He has also said it as a member of Young's 1989 steering committee, and claims to have been backed up by John Banham, the director-general of the CBI, and Lord Weinstock of GEC. But the public speeches about 1989, Hoskyns claims, all turn out to be full

## OBSERVER

of polite Euroese, so he decided to take the gloves off. Hoskyns also says that he is speaking for IoD members, of both small and large firms, when he says that industry is worried about excessive regulation and that the IoD is a group of small German business people to the IoD conference and they expressed precisely the same concern.

Lord Plumb, the President of the European Parliament, has already resigned from the IoD in protest at Hoskyns's remarks, and called for the resignation of the director-general as well. Hoskyns is indeed going, but not until the end of June when his five-year contract expires. A former head of the IoD, he already has a handful of directorships and will be looking round for more business opportunities. At 62, and looking younger, he may fire a few more radical shots before the summer. He has never been greatly impressed by Whitehall.

### Kinnock's lore

Politicians are sometimes shown doodling while being filmed for television interviews. Neil Kinnock, the leader of the Labour Party, was at it the other day on the ITV political programme, Agenda. His notes, which he had no objection to being seen, read: "The rain in Spain stays mainly on the plain. Hurricanes hardly ever happen in Hampshire or Dorset. This is a lie. Hurricanes do happen all over the bloody place. Except in tunnels. Which is one of the main attractions of a tube from Ealing to Essen."

### Blunt Eggar

Tim Eggar, the junior minister at the Foreign Office

## No gas man

When the gas man called to do some repairs at the house of James McKinnon, he did not know that the silver-haired Scotsman at the door was today can afford to ignore the watchdog of the industry. The maintenance man was more interested in McKinnon's own watchdog - a fierce looking collie, which inclined to the view that the man from the meter should be regarded with the deepest suspicion.

After a high-speed return, the engineer never returned, though McKinnon swears the animal was under perfect discipline.

Not long afterwards, Dr David Metz, deputy director general, arrived at work after lunch having spent a fruitless morning waiting for a gas service man who failed to arrive.

Then the same thing happened to Willis McLeod, adviser for consumer affairs and the man responsible for dealing with the 276 complaints referred to Ogas last year.

McKinnon is now thinking of a change to British Gas's licence, so that he can enforce standards of service and the keeping of appointments. But surely British Gas engineers know that there are certain people, like their chairman, Sir Denis Rookes and Margaret Thatcher to whom it would be prudent to offer prompt service. "Maybe," says McKinnon, "that's why I am billed under my wife's maiden name."

## Very mixed

The Chancellor really has problems, according to the latest International Economic Review from Kleinwort Benson Research. "Mr Lawson," it reports, "continues to walk a tightrope, with staring the biggest potential banana skin."

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## BOOK REVIEW

# Delicacies of economic fare

Mr Johnson, like a good chef, has taken care to assemble a selection of essays that should appeal to most economic palates. The libertarian right is represented by Britain's ebullient Chancellor, Mr Nigel Lawson, and by Sir Alan Peacock, the advocate of market forces in broadcasting. Liberal and mildly left-wing views are championed by three of the brightest post-Second World War economists: Professors James Tobin of Yale, Frank Hahn of Cambridge and Amartya Sen of Harvard.

Many of the essays originally appeared as lectures in honour of Fred Hirsch, the late journalist and academic whose Social Limits of Growth provided a novel analysis of the failings of the free market. Mr Johnson, Lloyds Bank's somewhat Keynesian chief economist, introduces the volume and makes a valiant effort to draw common themes from a disparate set of essays. His best point is that regulation has "become one aspect of a triangle in which the other two are state ownership and market freedom". As he argues, privatisation in Britain has been largely characterised by the replacement of public ownership by public regulation.

"The regulator may have as much power, and as little valid basis for imposing prices on a non-competitive industry as has the state planner." Mr Lawson's essay, The State of the Market, was delivered last July as a lecture to the Institute of Economic Affairs. It is characteristically trenchant, asserting that post-war intervention and planning were "aberrations" and that the market economy is the "normal, healthy way of life". This may be the case for the production of cars and transistor radios, but what about health care and education?

Readers will regret that Mr Lawson congratulates the Government on its past achievements rather than analysing the role of the market in social policy, where the debate is now focused. Does he think that private medicine and education should be expanded and, if not, why not? No essay purporting to analyse the state of markets today can afford to ignore such questions or fail to give any indication of the appropriate boundaries of the state.

Sir Alan Peacock's contribution is rather more thoughtful. It is also surprisingly emotional in places. He claims, for example, that in the 1970s senior Conservative and Labour politicians believed in a form of intervention "not unlike that which had developed in Germany under the Nazis or Italy under the Fascists". Conventional industrial policies may well be flawed, but surely damning by association in this way is a little underhand? Industrial intervention, after all, is now a bona fide Thatcherite policy.

THE MARKET ON TRIAL  
 Lloyds Bank Annual Review, Vol 2  
 Ed. Christopher Johnson  
 Pinter Publishers, £22.50

Lord Young at the Department of Trade and Industry is busy dishing out subsidies to management consultants in the hope that they will tell businessmen how to make profits. Liberals should, however, appreciate a couple of points made by Sir Alan. The first (if I'm not mistaken) is an extremely well called for tougher inheritance taxes. Sustained concentrations of wealth, he argues, can endanger political as well as economic freedom because they give wealthy individuals power over the less fortunate. Most libertarians dislike discussing openly the intimate connection between economic and political power. But this issue cannot be avoided given that a whole range of government policies are redistributing income from the poor to the rich.

Sir Alan does not focus up to the problem of worker alienation in a free market. Some form of authority relationship must exist between employer and worker in a system that permits individual ownership of capital. Yet the "hierarchical order at the place of work seems at complete variance with the independence of economic action attributed to the individual by the supporters of economic freedom." Sir Alan's response is to argue that profit-sharing might ameliorate matters. But he sees no easy escape from the "polling" of work that occurs routinely in a competitive market.

What about the left-of-centre camp? Professors Hahn and Sen provide sophisticated and entertaining critiques of the invisible hand. Indeed, it is instructive to compare their level of argument with that of Mr Lawson, who still writes as though he were speaking in an Oxford Union debate. Mr Hahn's main point is that our knowledge of the actual movements of Adam Smith's hand is "rudimentary and vastly incomplete". It is therefore not prudent to place all our eggs in one ideological basket. But he accepts that very few people can live with a "shadowy and ill-defined picture" of our economic world. Hence the habitual bluster on the part of the ideologues, who can never provide fully rational justifications for their policies.

But if only one of these essays could be saved from the bin, I would choose Professor Tobin's celebrated attack on the efficiency of financial markets. It is impossible to read his paper, given in New York in 1984, and continue to believe that City and Wall Street yuppies deserve their salaries. Lloyds deserves credit for putting it between hard covers.

Michael Prowse

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ECONOMIC VIEWPOINT

# The magnitude of credible deficits

By Samuel Brittan

A large and sudden increase in a country's payments deficit is normally a sign of suppressed inflationary pressure, as demand is siphoned off from the home market to imports.

These inflationary pressures are still very much with us. Unfortunately the January trade figures were not quite bad enough to shock the Government into a base rate increase. But while the Bundesbank and Fed are still toying with further interest rate increases, there is still hope that the British authorities will be pressurised into doing the right thing.

Let us suppose that about half the UK recorded deficit can be explained in this way. What do we say about the other half? How large a deficit is likely to be financeable at acceptable interest and exchange rates over the medium term? To leave it to the markets is to pass the buck, as market participants will be asking the same question.

To tackle the issue we need to go back to basics. At least two approaches are worth examining: the use made of the overseas borrowing which the current account deficit is the counterpart; the borrowing country's external balance sheet, and an attempt to monitor its overall wealth. The first is probably most promising. In asking whether the overseas borrowing has been used to finance investment or consumption we need to avoid some pitfalls. It is hopeless to look at the composition of imports and exports, since the latter are intermediate goods as consumption or investment. A rise in imports of purely consumer goods can free domestic resources for investment

the expenditure version of the national accounts, much of which may be accounted for by investment. The main alternative possibility is that the current deficit has been overstated. Thus so far the foreign exchange markets have been wise to take the non-inflationary aspects of the British balance of payments more calmly than domestic scribes.

A more frequent way of rating countries is by looking at their net assets or debts in relation to GDP (as shown in the larger table) or in relation to exports. Here the UK scores well, with net overseas assets corresponding to 20 per cent of GNP and nearly 80 per cent of exports. This is a good deal more favourable than either Germany's or Japan's position. The black sheep is the US with a net debit position approaching \$400bn, amounting to 8 per cent of GDP and widely expected to top \$1,000bn (one trillion) in the 1990s. Mainstream US economists have been trying to make people's flesh creep with these trends throughout the Reagan Administration, with the aid of prodding by America's Group of Seven partners.

Yet it was only in one year, 1987, that the dollar had to be supported by central banks to prevent a feared free-fall - after a period when the Administration had been intermittently jaw-boning it downwards. Some British economists see a danger that, if the UK current account remains in deficit, British net external assets will run off as rapidly as they accumulated. This will be followed by a net debtor position like America's, with an increasing proportion of the national income devoted to the servicing of overseas debt. There is, however, a major trap to avoid. This is that the balance of payments surpluses of the early and mid-1980s were not the main source of the accumulation of overseas assets. As the table shows, overseas capital outflows, which are the counterpart of these payments surpluses, were responsible for less than half the run-up of overseas assets up to the end of 1986. Slightly more was due to what the Bank of England calls "revaluations". These consist of items such as portfolio appreciation, currency gains, and the increase in the value of direct investment so far as that can be measured. The fall in the sterling value of UK overseas assets in 1987 was not, how-

End years	1980	1985	1986	1987
<b>US</b>				
\$ billion	95	-122	-280	-379
% of GNP	3	-3	-7	-8
<b>Japan</b>				
\$ billion	10	129	179	240
% of GNP	1	8	9	8
<b>W. Germany</b>				
\$ billion	26	46	87	160
% of GNP	3	6	9	12
<b>UK</b>				
\$ billion	30	110	161	180
% of GNP	6	21	28	20

\* Excluding gold holdings  
Source: Bank of England Bulletin Nov. 1988

ever, due to the October Wall Street crash - which mainly reversed the earlier rise in the year - but to the large fall in the dollar exchange rate against sterling in a year when the British currency was exceptionally strong, and the American weak. The Bank of England estimates that by the third quarter of 1988 the check had been reversed and net external assets were worth \$100bn again. The notorious balancing item affects the attribution. For the purpose of this calculation, the Bank attributes the whole of it to the current account. If this is over-optimistic, then much less than 50 per cent of the accumulation of assets was due to earlier payments surpluses and much more to portfolio and similar gains. The overseas balance sheet approach is questionable in a world of currency convertibility and free capital movements. Why should there be

a special importance attached to external assets or liabilities of the private sector rather than internal ones? And why should the servicing of corporate or personal external debt be more important than internal debt? The main answer is that the existence of separate national currencies imposes an additional risk should things go wrong. That is why the Lawson-Burns view of the unimportance and self-correcting nature of a privately generated payments deficit will never be fully accepted without a wider monetary union: which makes the Chancellor's opposition to the latter so perverse. But an additional risk is not the same thing as an utter difference in kind. Some economists have tried to broaden the conditions for economic prudence by suggesting that countries should have a target for their total net capital stock - or "wealth" as they call it, and not just

LOMBARD

# A baccalaureate for Britain

By Michael Prowse

WHAT CHILDREN learn and how they are taught crucially influence employment prospects, the development of character and the nature of society. The Thatcher Government recognises this: it is developing a broad curriculum for the compulsory school years.

Inexplicably, however, it is almost ignoring the education of 16 to 18-year-olds. Last year Mr Kenneth Baker, the Education Secretary, threw out a report by Professor Gordon Higginson which recommended a significant broadening of sixth-form studies in England and Wales (Scotland has long enjoyed greater breadth). The Higginson committee argued that young adults should not focus their attention on just three (often two) academic subjects. It urged the creation of learner A-levels but equally rigorous, advanced A-level syllabuses, and recommended examinations in five rather than three subjects.

Mr Baker, unimpressed, argued that the new advanced supplementary (AS) examinations would offer the required flexibility. AS levels, to be taken for the first time this summer, are intended to be as demanding as A levels, but take only half as long. They seem likely to be used in one of two ways: as "token broadeners" for able students (thus an arts specialist taking A-level English, French and history might add AS level biology or maths); or to add weight to a traditional combination (thus the intending medical student taking A-level physics, chemistry and biology might add AS maths). AS is not going to revolutionise sixth-form study. Nor, indeed, would the Higginson proposals. Suppose a student opted to take maths, physics, chemistry, biology and computer science. Would this combination of learner A-levels represent the balanced curriculum young people need? Starting from first principles, what should 16 to 18-year olds study - bearing in mind the need to create "rounded" individuals, and the importance of not shutting off career options early? Maths and English, obviously: the fact that few people combine high levels of numeracy and literacy

## LETTERS

### 1992 handicap

From Mr Peter Bell.  
Sir, Mr Tudor Rickards calls for firms to set up action groups to study their 1992 strategy (Letters, February 23). May I suggest that there is also a need for action groups to look at Government policy which holds us back in making more progress in selling into Europe? As manufacturers of plastic fuel cans, we have invested in new machinery, tooling and design to make products to meet European requirements. Despite the high exchange rate, we have made significant progress in exporting to Europe. But existing UK legislation and standards do not permit the sale of some of our products in the home market - because regulations here have not been aligned with the

### Risk of economy with the truth

From Mr John Wells.  
Sir, Discussing National Health Service financing, Ian Thompson (Letters, February 17) rightly notes the difference between the average economy-wide rate of inflation (as measured by the gross domestic product deflator) and the retail price index and the inflation rate of a particular sector such as the provision of publicly funded services (as measured by the implicit deflator for Government expenditure, or, for the NHS, a wage price index specific to the NHS). Such differences are substantial and persistent. They originate in the fact that productivity growth in services both public and private generally lags behind that in the economy as a whole - because the latter includes manufacturing, which shows much the most rapid rate of productivity growth of any sector of the economy (under this as under every other government). The main result of such persistent differentials in productivity growth between the services and the rest of the economy is that costs per unit output invariably rise in the economy as a whole. This is reflected in a tendency for the relative price of services also to increase - at least where such prices can be observed in market transactions. The effect of this productivity growth differential, and consequent "relative price effect" is that if governments ignore it when making public expenditure decisions, they run the grave risk of making substantial under-provision relative to the growth of demand for public services. Also, in adopting the practice (in its public expenditure white paper as well as in its general propaganda activities) of deflating cash figures by the GDP deflator, the present Government risks being somewhat economical with the truth. However, whereas this "relative price effect" indicates that costs per unit of output tend to rise faster in the services than in the rest of the economy, Ian Thompson is wrong to suggest that it shows that "the real output from the NHS has increased more slowly than the resources put in." In arguing thus, he appears to suggest that responsibility for the failure to increase health provision sufficiently rapidly can be

### Saving on drugs costs

From Mr Louis C. Kleber.  
Sir, Peter Marsh's observations about the UK generic drugs scene (February 14) are interesting. Their use has grown enormously in the US - for good reasons. Prescription drugs sold under their generic names are commonly about half the price of their brand-name counterparts. (The medical community calls it "therapeutic substitution" - a sort of foamy euphemism.) A lot of cost-containing money is at stake. The US Federal Trade Commission reported a generic drug saving of \$200m in 1984 alone. Some company employee benefits plans will pay only for generic drugs. Do health standards suffer because generic drugs are used? Evidence indicates they do not. Many hospitals now use generic drugs. Significantly, all drugs must meet the rigid standards of the Federal Food and Drug Administration. And guess who makes 90 per cent of all the generic drugs? The brand-name drug companies. One must applaud the UK Health Secretary's efforts to achieve realistic cost economies without prejudicing health. Louis C. Kleber, Advance Benefits Systems, 468 Pevensfield Place, PO Box 1407, Thousand Oaks, California 91320, USA.

### Genius loci

From Miss Diana Pulvenmacher.  
Sir, Observer refers (February 23) to the use of City of London churches as shelter from the rain. As a member of the council of St Katharine Cree (Guild church in the City for industry, Commerce and Finance) I wryly acknowledges the truth of that remark. So what are the 40 or so churches in the Square Mile doing there? Originally they were parish churches serving local residents. Now they provide for commuters, offering opportunity for reflection, meditation, and ease from stress. But only the men and women of those who work in the City

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# FINANCIAL TIMES

Thursday March 2 1989



NEWPORT A TOWN TRANSFORMED

## UK Government calls for crackdown on EC fraud

By Tim Dickson and David Buchan in Brussels

THE BRITISH Government is urging its European Community partners to step up the fight against EC fraud on all fronts.

The UK proposals, contained in a confidential document circulated to member state governments and the European Commission, came as the Commission reacted angrily to allegations by Sir John Hoskyns, the retiring director general of the UK's Institute of Directors, that Brussels bureaucrats were intellectually and financially corrupt.

The 17 Commissioners issued a formal statement following their weekly meeting, noting that the Commission had received "intemperate" remarks attributed to Sir John and that "it has the greatest confidence

in the integrity of its staff and rejects slanderous accusations against them."

The initial refusal of the Commission's spokesman to rule out libel action against Sir John - although he later said this was not, in fact, likely - reflects growing sensitivity in Brussels to what is seen as a campaign orchestrated by the UK Government against the EC bureaucracy.

In its confidential document the UK points out that "it would be a mistake to concentrate exclusively on countering fraud in agricultural spending."

The UK paper highlights the need for a project to control "the EC social and regional project spending, which will total Ecu1.7bn this year and due to rise to Ecu1.4bn by 1993. It calls for a special conference to be chaired by the European Commission to consider cost effective measures in each field.

Britain is also proposing that the Brussels executive should be asked to present an annual report on action has been taken to tackle fraud.

The new ideas in the Government's discussion paper to be debated at a meeting in two weeks time of EC Economics and Finance Ministers and certain to be raised by Mrs Thatcher at the Madrid summit - are likely to be welcomed in Brussels, since they acknowledge the need to examine "the extent and effectiveness of the Commission's role in the detection and/or investigation of fraud."

Officials point out that responsibility for policing the Common Agricultural Policy - and preventing the sort of abuses highlighted in two explosive reports from the EC's Court of Auditors - lies largely with member states and that their own resources to carry out investigations are limited.

Besides the Commission's role, the UK Government wants a "fraud conference" to consider how best to make EC legislation "fraud proof" and to look at new incentives and sanctions so that member states are encouraged to prevent detect and punish fraud.

The proposed "fraud report" would be examined each year by the Council of Ministers,

the European Parliament and the Court of Auditors and would cover new information on the extent of fraud against the budget and preventive measures taken by the Council and Commission to combat the problem.

Lord Pitmh, President of the European Parliament, yesterday responded to Sir John's comments at a press conference in Stratford-upon-Avon, central England, by ripping up his Institute of Directors membership card, saying that he would not remain a member of the Institute while its leadership displayed such ignorance of European affairs.

He said that if Sir John had evidence of corruption he should provide it or apologise.

## A free market for Enterprise

It would be nice to think that yesterday's 4 per cent jump in the Enterprise share price, in the teeth of a £260m cash call, was recognition of the elegance of the Texas Eastern deal. The reality is cruder: for the first time since the day it was floated, Enterprise is wide open to takeover. ICI is free to sell, and Elf to buy; a quick phone call and a meeting of minds, and Elf could have 50.1 per cent.

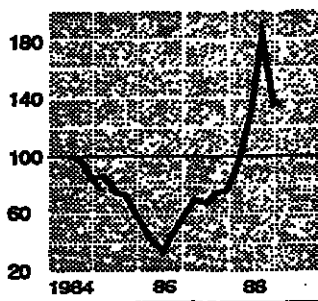
The reality will doubtless be more complex. If Elf made its move now, it would in effect be blocking a deal which could well suit its long-term predatory interests. The North Sea assets which Enterprise is buying are very close to those which Elf wanted when it bought into Enterprise in the first place. They are in territory Enterprise knows intimately, are apparently coming at a fair price, and fit neatly into the weak spots in Elf's own development profile in the 1990s.

Nor is a bid for Enterprise to be undertaken lightly, given a theoretical post-rights value of £2.5bn and a bid value more like £1.2bn. This is a reminder of the astonishing rise of Enterprise's growth, and its success not just as acquirer, but as finder of oil. From reserves of 150m barrels in 1984, it already has 670m, half of that being discovered; and its total of over 1bn after the Texas Eastern deal would put it with the luckless British at the top end of exploration and production companies, and quite alone in rate of growth for its size.

It is also correspondingly cash-hungry: an ideal fit for an oil major, in fact, from every possible angle. With almost 59 per cent of the equity held by just three shareholders, the company's capitulation to somebody seems only a matter of time. But it could still have a good run for its money.

### Enterprise Oil

Share price relative to the FT-A All-Share Index



Under the circumstances, it is not difficult to see why 18 per cent today from Commercial Union looked less interesting than the chance of over 20 per cent dividend increases every year for the foreseeable future from Sun Alliance. With Commercial Union's dividend cover worn down to a transparent 1 1/2 times in 1988, it could not hope to manage that type of increase; and given the prospects for 1989 earnings, whatever dividend increase it does manage is likely to go uncovered. That would not necessarily stop the company paying out a sizeable increase even so; but the share price might think less of an uncovered dividend than of a better-protected one.

General Accident, for its part, need face no such debate over the merits of coverage. But market minded to crucify the GA management for its uncharacteristically un-Scottish blunder in New Zealand was not about to give the company much credit for that. Legal and General, it seems, was thought to deserve more of a chance: though its business could suffer from Standard Life freeing it out of the Halifax, the market seemed to think the quoted sector less at risk than the mutuals.

## Baker plays it cautious on Middle East

LIKE many of his fellow-Texans, Mr James Baker, the US Secretary of State, sees life as one long poker game. Winning is important, but not nearly so important as calculating the correct odds.

His caution in approaching the Middle East, where the odds are changing almost as fast as they can be worked out, is therefore perfectly natural, even if it frustrates the European allies and left an opportunity for the Soviet Union to seize the initiative.

President Bush recently lent his weight to this gradualist approach when he said that the US was not going to be stampeded into action by Soviet Foreign Minister Edward Shevardnadze's recent tour of the region, which included, most significantly, a meeting with Mr Moshe Arens, the Israeli Foreign Minister.

However, the appearance of American inaction is deceptive. In the next two months, Mr Yitzhak Shamir, the Israeli Prime Minister, President Mubarak of Egypt and King Hussein of Jordan are all due to visit Washington.

These visits - coupled with the Reagan Administration's decision last December to open a dialogue with the Palestine Liberation Organisation - underline the fact that the US remains the superpower best placed to deal with all the relevant parties.

While nothing is said in public, the most intensive preparations are being made for these visits. These provide Mr Baker with a crash course in Middle East politics, while allowing delicate negotiations to proceed between US and Israeli diplomats to explore any room for movement from Jerusalem.

"The State Department wants to prevent the Israelis from coming with their plans fixed," says one of the diplomats involved.

The Israelis, too, are anxiously feeling out the new Secretary of State, who is a very different political animal from his predecessor, fellow Princetonian Mr George Shultz.

Lionel Barber assesses the likely approach to the Middle East peace process of new Secretary of State James Baker (centre) and changing US perceptions of PLO leader Yassir Arafat (left) and Israeli premier Yitzhak Shamir (right)



Although Mr Shultz had been their loyal ally for many years, the Israelis still fear their final "shalomi" with some relief; after an exhausting round of flying diplomacy last year, which culminated in the opening of the dialogue with the PLO, Mr Shultz had become, in their view, "somewhat emotional".

Mr Baker, by contrast, is seen as methodical, analytical, a man who takes all his own decisions, and plays his cards close to the chest. Unlike Mr Shultz, he has not appointed a heavyweight assistant secretary for the region, preferring to rely on the advice of Mr Lawrence Eagleburger, his experienced deputy, a protégé of Dr Henry Kissinger.

Mr Baker clearly prefers an inner policy group, which will not adopt its own independent policy lines, and in which he can control the flow of information to the public. The approach has already upset the State Department bureaucracy, in which the regional desks have enjoyed a large degree of autonomy. Neither they nor the foreign diplomats with whom they routinely talk have been picked up much hint of how Mr Baker's thoughts are shaping.

What makes this so frustrating is that all parties recognise how the political mood in the

remained a democracy and that it was being held to a high standard, but the damage has been done.

Third, an attempt by pro-Israeli Congressmen to torpedo the US-PLO dialogue over the new year also died an early death. Congressman Dante Fascell of Florida, chairman of the House foreign affairs committee, let it be known he would not sign the round-robin on the grounds that Mr Baker should be given the benefit of the doubt early in the Administration.

All these events may just be straws in the wind, and there are those in Washington who still believe that the US-Israeli relationship under Ronald Reagan would put it with the luckless British at the top end of exploration and production companies, and quite alone in rate of growth for its size.

It is also correspondingly cash-hungry: an ideal fit for an oil major, in fact, from every possible angle. With almost 59 per cent of the equity held by just three shareholders, the company's capitulation to somebody seems only a matter of time. But it could still have a good run for its money.

The shift is reflected in the deafening silence with which most of the American Jewish leadership greeted the opening of the dialogue with the PLO. Instead of outright opposition, most Jews embraced the decision, provided that the PLO matched its verbal renunciation of violence with deeds. This amounted to a vote of confidence in Mr Shultz, but also an admission that the diplomatic status quo of no direct US/PLO contacts could no longer prevail.

The same cross-currents are being felt in Congress, where the pro-Israel lobby has long held sway. Two key appropriations sub-committees in charge of foreign aid have new chairmen: Senator Patrick Leahy of Vermont and Congressman David Obey. Both have warned that in an era of budgetary restraint Israel cannot expect the same level of aid which, in the Reagan years, led to economic and military aid approaching \$25bn.

Second, Congress is aware of the link between foreign aid and respect for human rights, a link which hardened when a well-documented State Department report criticised Israel heavily for tactics used to put down the *intifada*, or Palestinian uprising in the occupied territories. The report was careful to note that Israel

remained a democracy and that it was being held to a high standard, but the damage has been done.

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UK trade figures

The London equity market is behaving as if there is no risk of another point or two on UK base rates, and perhaps it is right. The January trade figures were not quite bad enough to precipitate a rush out of sterling and a knee-jerk rise in rates, but they are far from encouraging, with import volumes still growing far more quickly than exports. The equity market still has its eye firmly fixed on that point in the middle distance when UK growth starts to slow and inflation

## UK proposes to simplify rules governing financial services

By Richard Waters, in London

THE UK Government yesterday proposed an amendment to the Financial Services Act designed to smooth the way for a simplification of the unnecessarily complex rule-books which have been accused of spawning.

The change, to be inserted in the Companies Bill during the spring, will "reduce bureaucracy and not protection (for investors)", said Lord Young, Trade and Industry Secretary.

The Act is estimated in some quarters to have cost financial services businesses (and, indirectly, their clients) well in excess of £100m (£173.5m), though this figure was challenged yesterday by officials.

The Government's announcement met a mixed reaction in the City. Several observers claimed that the change in the law is unnecessary and that simplification is already possible under the existing regime.

The Government is proposing to remove the legal requirement for all self-regulating organisations (SROs) and recognised professional bodies to have rules which ensure an equivalent standard of protection to those of the Securities and Investments Board (SIB).

The term "equivalent" has been interpreted to mean "identical" in some quarters, leading to a staid and legalistic duplication of the SIB's rules in each of the other regulators' own rule books.

The DTI said yesterday that legal advice it had received suggested that this had not been necessary. However, it is proposing to change the law to remove uncertainty and encourage the regulators to simplify their rules.

Despite this change, the SIB would still expect regulators to apply a consistent level of protection for investors, officials said.

A test of cost-effectiveness will also be introduced under which regulators will be able to drop some rules if they can prove to the SIB that the cost of such rules is not justified by the protection offered to investors.

The SIB, which welcomed the Government's move, later published its own consultative paper on how it would assess SRO rules under the new regime.

In a second proposed amendment to the Act, the Government says that UK regulators will be able to place greater reliance on their overseas counterparts when assessing an overseas institution for UK authorisation.

The change, which foresees an amendment required by the European Community's Investment Services Directive, will reduce the regulatory burden on overseas institutions doing business in the UK.

City reaction, Page 9

## Concorde makers study plans for replacement

By Michael Donno in Toulouse

DESIGNS for a possible second-generation supersonic airliner to replace Concorde in the early years of the next century are being studied by British Aerospace and Aerospatiale of France.

Sir Raymond Lygo, chief executive of BAe, and Henri Martre, president of Aerospatiale, said in Toulouse yesterday that the companies were discussing such a venture - which could cost up to \$10bn - but emphasised that the efforts represented little more than keeping abreast of technological developments in the field of high-speed flight.

The British Aerospace studies so far cover a 285-passenger aircraft with a range of 5,500 nautical miles compared with Concorde's 100 passengers and 3,500 nautical mile range. The aircraft would fly at the same speed as Concorde, about twice the speed of sound or about 1,250mph. Aerospatiale has been looking at a broadly

similar design which it calls its Future Supersonic Transport Aircraft.

Sir Raymond said the two companies "have the expertise for such a task, but we would have to think carefully about the size of the market and the cost, and we would have to have government backing."

Aerospatiale's studies had indicated that a global market of between 300 and 500 aircraft was a possibility during the early years of the next century, Mr Martre said.

The two men believe a Concorde replacement would have to be a "world aeroplane," involving collaboration not only between the UK and France but also with other West European companies, the US and possibly Japan.

Boeing in the US, meanwhile, has been studying the possibilities of an aircraft of about the same speed as Concorde, carrying about 300 passengers.

Wing and a prayer, Page 8

**WORLD WEATHER**

Algeria	14	18	19	18	17	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1	0	-1	-2	-3	-4	-5	-6	-7	-8	-9	-10	-11	-12	-13	-14	-15	-16	-17	-18	-19	-20	-21	-22	-23	-24	-25	-26	-27	-28	-29	-30	-31	-32	-33	-34	-35	-36	-37	-38	-39	-40	-41	-42	-43	-44	-45	-46	-47	-48	-49	-50	-51	-52	-53	-54	-55	-56	-57	-58	-59	-60	-61	-62	-63	-64	-65	-66	-67	-68	-69	-70	-71	-72	-73	-74	-75	-76	-77	-78	-79	-80	-81	-82	-83	-84	-85	-86	-87	-88	-89	-90	-91	-92	-93	-94	-95	-96	-97	-98	-99	-100
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**Smokeless cigarette fails**

Continued from Page 1

second place behind Philip Morris. "There's no way without a breakthrough on Premier, which sharply reduces tar intake, as a 'smokeless' cigarette," said Mr Roy Barry, a research analyst at the Wall Street firm of ICI.

Mr Johnson, a hard-driving manager who had racked up big marketing successes in the food industry, apparently believed that even such a complex product as Premier could be marketed successfully. But analysts and Madison Avenue people say he underestimated

two marketing challenges, which proved insuperable.

First, R&B was unable to sell the cigarette as a "smokeless" product. Tobacco companies cannot make health claims about smoking without risking liability lawsuits. And claiming Premier is safe would suggest the rest of their product line is dangerous. Instead, analysts say, Premier was marketed as eliminating the side-stream smoke that annoys some non-smokers.

"The company was unable to market the cigarette for what

it's valuable for, which is lower tar," said Mr Barry.

Second, Premier ran into intense hostility from regulatory authorities and doctors keen to stamp out smoking altogether. The American Medical Association argued that the cigarette was merely a delivery system for nicotine and should pass through the intense regulatory scrutiny of the Food and Drug Administration. "Basically, health authorities in the US do not want a safer product," said Mr Barry.

## NEWS REVIEW

**BUSINESS**

**Space observatory**

Laben SpA, an Italian unit of Ferranti International, has won two major contracts to supply the on-board data handling system and cryo electronics unit for the European Space Agency's infra-red space observatory satellite.

The subsystem, to be supplied to French prime contractor Aerospatiale, comprises an intelligent central terminal unit, two remote terminal units and a command and control system. The equipment will collect and process data from the whole satellite which will then be transmitted to ground as telemetry data.

**Thai message**

The Department of Aviation in Thailand has ordered a Ferranti automatic message switching system for its Aeronautical Fixed Telecommunications Network (AFTN), the first automated system of its kind to be ordered by the DOA. The contract was won against strong international competition from companies in France, Italy, the UK and the USA.

The AFTN switch, a ground-based aviation information system, is part of a £1.75 million contract let to the Ferranti engineers in Bangkok, Pioneer Engineering Co.

**Briefly...**

Manchester International Airport has bought a flight information and display system from Ferranti Computer Systems worth approximately £200,000.

Ferranti Business Communications has introduced a new telecommunications management system which could help users identify savings of up to 30 per cent on phone bills.

## ADVERTISEMENT

**TELECOMMUNICATIONS**

### Enter the PHONEZONE

The Department of Trade and Industry announced last month that Ferranti Creditphone, a joint venture between Ferranti International and British Telecom, has been awarded a licence to operate its Phonezone telepoint service in the UK.

The award of this licence is a significant achievement by the telecommunications company, specifically formed to exploit the potential of this new era of low cost personal communications which it will bring to a mass market.

Ferranti Creditphone, the company which has masterminded the campaign for the Phonezone concept to be introduced in the UK, first demonstrated its Phonezone system a year ahead of its competitors in November 1987. It will introduce the service in the Greater London area, with access points throughout the capital, giving users an excellent coverage. Manufacture and installation processes will now be brought to full production levels with the aim of launching the service to the public within months.

potential Phonezone sites providers and retail outlets will also now be finalized. Ferranti has brought the UK to a world-leading position in the application of telepoint and the decision by the DTI on recommendations from the telecommunications industry watchdog OFTEL, now allows the company to take this national lead and address the potential export market for Phonezone.

**NAVIGATION**

### ELMER teams globally

Ferranti International specialist, ELMER SpA of Pomezia, Italy, has teamed up with LUTHER of France, BEL of Germany and Magnavox of the US to form the EURONAV GPS (Global Positioning Systems) consortium.

The EURONAV concept was originally conceived in 1985 by Magnavox of the USA whilst the company was working on the Phase II GPS development programme for the US government.

The consortium's main objective is to achieve a competitive GPS receiver family which meets multinational requirements in avionics, naval and

man-portable applications. Providing high accuracy three dimensional jamming resistant navigation capability for users on high dynamic platforms, the EURONAV GPS set maintains international performance characteristics required by Phase II equipment, but is significantly more cost-effective than the Anglo-Italian E51-101. EURONAV has already been selected to meet the radio navigation requirements for the Italian Navy destroyer of the Angio/Italian E51-101 helicopters and the consortium is currently proposing the system for a number of further GPS programmes.

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ACCOUNTANCY COLUMN

Seeking a fresh deck in the standards game

By Richard Waters

A FASCINATING game, not unlike poker, is going on at one of the quieter tables in the financial casino. It sounds a bit dull to the uninitiated (it goes by the name of How to set accounting standards) but it has all the ingredients of high drama. And the bidding has just got to a vital stage.

Four institutions have a seat at the table. They are the accountancy profession, in the shape of the Consultative Committee of Accountancy Bodies; the Stock Exchange; the Department of Trade and Industry; and the Bank of England.

The game began badly for the accountants. They were dealt the worst hand in the pack. They have to set accounting standards and enforce them (which partly explains why the standards they set are never tough enough). Many of the company directors who apply the standards are not accountants and so feel no obligation to follow the rules.

The other card players have been happy in the past with this situation. The Stock Exchange is really much more interested in the games going on at other card tables.

A master of bluff, it has been happy to sit on its cards at the accounting game and smile knowingly, without ever having to reveal its hand (which, if

the others only knew, contains precisely nothing).

The Department of Trade and Industry has also been happy with its role, but is beginning to get nervous. If the accountants' hand gets too weak, they might bow out of the game and the DTI would have no-one to score points off any more. Also, and far worse, it might have to co-opt someone into the accountants' chair

weakness and left it with hardly any chips at all.

Finally, last year, the accountants demanded a redeal. There had been an attempt at one of these in 1981 by the then chairman of the Accounting Standards Committee, but nothing came of it. So this time all agreed that the cards should be shuffled by someone who did not have a stake in the game.

Enter Sir Ron Dearing, former chairman of the Post Office.

Sir Ron shuffled first one way then the other, divided the pack, did some fancy card tricks and then, last autumn, dealt another hand. Gasps all round: each player had received a hand which looked very similar to the last. But a new player, called the Accounting Standards Board (ASB), had been invited to sit at the table. Some of the accountants' worst cards had been set aside for this body.

The problem was that Sir Ron had not used a new deck of cards but simply reshuffled the old ones, and even then not very much: it was only his fancy sleight of hand which had made it look so impressive.

In Sir Ron's game, the accountants would no longer have to set the accounting standards. This would be done by the new ASB. The board would operate under the wing

of a Financial Reporting Council, a sort of takeover panel for the accounting world. This would be staffed by a wide range of interests, to demonstrate its independence.

Half of the cash for this system would come, via the DTI, from a £1 levy on companies when they filed their annual returns. The rest would be provided by accountants and the users and preparers of accounts.

Enforcement (the vital link) would come through a third body called the Review Panel. This would have a new civil power to take directors to court to correct accounts which it did not like (the DTI and the Stock Exchange would also have this power).

A second and more solid line of defence would be provided by a change in the law shifting the burden of proof onto companies to justify why they have departed from standards. At present, it is up to others to prove that the company should not have done what it did.

This proposal packs a big punch. According to the Department of Trade and Industry, it amounts almost to statutory backing for accounting standards.

The whole thing would be policed by auditors, who would have to highlight cases of non-compliance. The bidding on this hand is

now under way. The accountants, who were meant to bid first, have gone into committee to discuss what to do. Since this usually takes months, everyone is still waiting for a move.

It is unclear how the accountants will bid. Most big audit firms, which will bear the brunt of the new system, seem happy with it although the first stirrings of dissent have

been felt recently. But some of the profession's leaders are horrified: without stronger backing, they suggest, the new body will not thrive. Auditors will take too much of the strain.

The new body needs unequivocal backing from the DTI - and legal backing may be the only way of doing that. Observers believe there may be some calculated brinkmanship here. Any changes to the existing system will have to be inserted into the current Companies Bill by the middle of April - about the time the accountants expect to come up with their bid.

What they don't appear to have realised is that someone has changed the name of the game without telling them: it's now called Pass the buck.

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The Bank of England, which manages the whole casino, is beginning to get twitchy

itself, which doesn't bear thinking about.

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The accountancy profession endured this for several years. Then a particularly awful hand, called inflation accounting, revealed the profession's

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Thorn EMI, a major international company, has recently set up an onshore captive insurance company to transact business in the UK.

We are now looking for a Finance Manager to help grow this new venture by developing business opportunities in the group - both in the UK and abroad.

Reporting to the General Manager, the successful candidate will be responsible for the financial reporting of the company's activities including Statutory Returns. To fulfil this responsibility close contact will be required with senior personnel from other Thorn EMI companies, Corporate Tax and Treasury departments and external advisers.

With the potential to progress to General Manager, you will be a qualified accountant, with a minimum

of 3 years large company experience. Specific experience of financial institutions, in particular within the insurance industry, would be an advantage. Equally important in this high profile role will be your interpersonal skills and your ability to influence others. A track record demonstrating sound commercial judgement and the ability to make things happen is essential, but will have to be balanced by a keen eye for detail.

We offer a unique opportunity to broaden your experience, a clear route to Senior Management and an excellent remuneration package. If you have the ability to take up this new and challenging role, please write to Mrs K. Deakin, Personnel Manager, Trinity House Finance, Trinity House, Liston Road, Marlow, Bucks. SL7 1KW.



THORN HOME ELECTRONICS INTERNATIONAL

## QUALIFIED ACCOUNTANTS

SUPPORT YOUR CASE

c30,000 + Car

Accountants with strong investigative and analytical skills will find a career in Litigation Support challenging and exciting.

As part of a multi-disciplinary team working with lawyers, economists and other professionals, you will carry out investigations for major companies involved in commercial litigation. The range of cases is diverse and will include contractual issues; takeover disputes; monopolies enquiries; professional negligence and lost profits claims.

An essential requirement in all assignments is the ability to identify relevant information, and use it to present a case that will withstand rigorous cross examination and counter arguments, often in the High Court. Excellent communication and report writing skills are the hallmark of our work.

Applicants should be ACA or ACMA with 2-4 years p.q.e. and possess commercial flair and the ability to view a problem from all sides.

The key to our success is our people and we are committed to offering first class experience, training and career advancement.

If you can contribute to our continued success, please write enclosing CV and quoting reference SC300 to Karen Filleul, Head of Recruitment at Ernst & Whinney Management Consultants, Becker House, 1 Lambeth Palace Road, London, SE1 7EU.

**EW Ernst & Whinney**  
Management Consultants.

## FINANCIAL MANAGEMENT

Treasury Businesses - Support & Analysis

c£35,000 + car + mortgage

A leading international and investment bank, our client has a significant presence in the global marketplace. Following reorganisation it has identified a vital role for a young accountant in its City-based finance function.

As the prime point of contact with the management of substantial treasury businesses, this high profile role has responsibility for resolving all their financial management and accounting issues. This will involve providing them with planning and analytical support as well as producing financial information for other senior executives of the bank. As a senior member of a proactive and developing team, there will be exposure to a wide range of business areas throughout the bank and liaison with all levels of management.

Applicants should be qualified accountants, preferably aged late 20s/early 30s. Proven communication, man-management and technical skills and an innovative approach to problem solving are prerequisites.

Previous experience in banking, preferably with knowledge of treasury/securities products, would be advantageous but not essential.

Please write with full career details or telephone David Tod BSc FCA quoting ref D/810/RF.

LLOYD MANAGEMENT Selection Consultants 125 High Holborn London WC1V 6QA 01-405 3499

## TAKE YOUR CITY SKILLS - OFFSHORE

One year ago Mondial opened its first office overseas - now the Company is the fastest growing international financial services organisation, located in Northern and Southern Europe, the Middle East, Hong Kong, East and Southern Africa. Our aim for continued growth creates opportunities worldwide for high calibre people to market top quality investment services to the thriving expatriate communities.

If you are ambitious enough to join a company which is rapidly becoming a worldwide success - and want the high earnings which reflect your commitment, then send your CV to:

Peter Bray at Peter Bray Associates,  
3 Blake House, Admirals Way, Waterside, London E14 9UF

**Mondial**  
INTERNATIONAL FINANCIAL SERVICES

## Taxation Executive

M4 Corridor

c.£40,000 plus bonus plus car

This is an exceptional opportunity to develop policy and strategy in a major British group which has a world-wide turnover in excess of £1 billion and is well-placed in a product sector with substantial further growth potential. The Taxation Executive, supported by an experienced assistant, will be expected to develop and implement a coherent strategy for both UK and international tax, provide a taxation advisory service to all levels of management and oversee the procedures for assessing and complying with tax liabilities. As a senior member of a management team which encourages participation he or she will have every opportunity to make more than just a technical contribution. Applicants should have a relevant professional qualification and experience in an organisation with a significant international dimension. Ref: 1690/FT. Telephone for a preliminary discussion or send CV (with current salary and daytime telephone number) to R.A. Phillips, ACIS, FCII, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours).

**Phillips & Carpenter**  
Selection Consultants

Handwritten note in Arabic script.



# Chief Financial Officer

**ADVANCED MANUFACTURING**  
KENT, c.£45K PACKAGE + CAR + OPTIONS

A very large and advanced manufacturing business, part of a major international group, is seeking a Chief Financial Officer to join the top management team. Both developing and making complex engineered products for a world market, in which it is a market leader, the business is committed to bringing its manufacturing methods and technology up to the best international standard.

The person appointed will contribute to both strategic and operating levels to bottom line performance, leading a department of over 60 people. With several sites, the emphasis of the job is on finance control, financial planning and information for management in a

complex manufacturing environment with international markets.

We would like to hear from qualified accountants, preferably aged 35-45. You will need to be a highly motivated and skilled professional finance executive with a proven track record of financial management in sophisticated manufacturing businesses. Experience of a 'JIT' and 'total quality' regime is an advantage and ideally this should be in automotive, aerospace or similar manufacturing industries. Personal attributes must include the intellect, drive and capability to initiate and manage change.

In addition to a salary of around £40,000 plus car, stock options and other usual benefits, there is a bonus

plan which can reach 25%. Furthermore, there are excellent possibilities of promotion and development into other management functions within the group.

Résumés please, including day time telephone number and current remuneration, to Chris Howarth, ref: CH522, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London EC2V 7DQ.

Executive Resourcing **Coopers & Lybrand**

# GROUP FINANCE DIRECTOR DESIGNATE

Property Group

Essex

to £45,000 + benefits

Our clients are a successful and expanding private group of companies, with a turnover in excess of £38 million, involved in a wide range of activities including building construction and development. The Group services clients in both public and private sectors and has gained a reputation for high quality throughout the industrial, commercial, retail and residential markets. The Group intends seeking a flotation within the next two years.

They wish to recruit an ambitious and highly capable Finance Director Designate who will be appointed to the Board within six months. Reporting to the Managing Director, the appointee will be responsible for the accounting function and, in particular, for corporate planning, finance and treasury matters.

Candidates should be chartered accountants with good post qualification experience gained through to senior management level. It is essential that they have the personality to integrate effectively into the Group and the professionalism, technical skills, and confidence to liaise with external advisers.

This is a critical role within a close-knit and forward looking organisation which offers excellent long term experience and career prospects. It carries an extremely attractive remuneration package including a fully expensed executive car, bonus, pension, private health insurance and potential equity participation.

Please write in confidence, enclosing full career details, to Nick Baker quoting reference D4049.

# KPMG Peat Marwick McLintock

Executive Selection and Search  
70 Fleet Street, London EC4Y 1EU

# Financial Controller

c.£40,000 plus car and benefits



Thames Television is the ITV contractor for the London area from Monday to Friday. The forthcoming changes to the organisation of independent television has allowed the company to review its own structure. As a result, a new position has been created with the title of Financial Controller. The Financial Controller will report to the Finance Director, and will have responsibility for the day-to-day operation of the finance function of the Group. This will include statutory and management accounts, liaison with line management and deputising for the Director of Finance, as required. You should be a qualified accountant, aged early thirties, with solid financial and cost accounting experience in a fast moving environment. You must have the interpersonal skills to maintain effective controls and meet deadlines in an environment which can be pressurised and unpredictable. If you think you have the necessary qualifications please reply in confidence, giving concise career and salary details and daytime telephone number, and quoting reference 1571 to Geoffrey Rutland ACA ATT, at the address below or call him on 01-583 3303 (office) or 01-878 8395 (home).



Thames is an equal opportunities employer and welcomes all applications regardless of sex, ethnic origin and marital status.  
**BDO BINDER HAMLYN**  
BDO Binder Hamlyn Management Consultants  
8 St. Bride Street, London EC4A 4DA

# Senior Accountant - International Oil Industry

## A Key Role with Influence and Clear Prospects

Part of a large and diverse international group, this London based subsidiary is one of the UK's most progressive and successful oil and gas companies. It has an extensive portfolio of interests with particularly attractive production both as operator and joint venture partner. With good access to management, you will have significant influence within the decision making process.

You will be part of a small team responsible for providing reports, forecasts and strategic plans to top management in relation to the highly varied range of the Company's exploration and production activities. These include short term profit and cash flow projections, oil and gas taxation, statutory and other financial statements.

This is a specialised role, dealing with matters

exclusive to the oil industry, and you will acquire skills so technically specific that you will be well placed to make rapid advancement. Career development is actively encouraged within this Company and, significantly, this vacancy has been created by such a promotion.

Fully qualified and with 2/3 years experience, you are high in initiative, ability, career potential and analytical skills. Alternatively, you may be at a more mature stage in your career and keen to gain new momentum in a different field.

The remuneration package is both comprehensive and competitive. In complete confidence please ring or write with CV to **John Mack, Simpson Crowden Consultants Limited, 97/99 Park Street, London W1V 3HA. Tel: 01-629 5909.**

**Simpson Crowden**  
CONSULTANTS

# Financial Planning Manager

Exceptional Career Opportunity To £30,000 + car

Our client, the major subsidiary of an expanding and successful UK engineering Plc with international interests, is seeking a Financial Planning Manager. The subsidiary is an acknowledged world leader in its sphere of engineering expertise.

Based at the company's headquarters in the Midlands and reporting to the Managing Director, you will be responsible for the strategic and financial planning function within the company, the review and control of capital expenditure proposals and commitments, the review of the present computer systems and controls and you will also be required to undertake special projects as requested.

You must be a qualified accountant, preferably with a degree or MBA who has worked in financial planning with a major company. You will be aged 28 to 34, have at least three years' post-qualification experience and be able to demonstrate sound career progression. You must be highly motivated with strong leadership qualities and possess first class technical and interpersonal skills. Above all, you must have the ability and commitment to take on a more senior role within a predetermined time schedule.

This is an important appointment which offers genuine and significant career development potential. If you are interested, telephone Stuart Adamson FCA or Helen Rivans on 0532 451212 or send your CV, in confidence, quoting reference number 642 to Adamson & Partners Ltd, 10 Lisbon Square, Leeds LS1 4LY.

# ADAMSON & PARTNERS LTD.

Executive Search and Selection

# FINANCE DIRECTOR DESIGNATE

Glasgow  
£30,000 + package

This NATIONAL FINANCE GROUP is a major force in its sector with a range of market leading products.

Backed by a well known banking group the company's dynamic development stretches throughout the UK and with new products well into the planning stage further rapid growth is on the horizon.

To ensure the success of these plans, we require a Finance Director Designate. Reporting to the Managing Director, you will require to manage a team of operational and management accountants, ensuring the financial controls and procedures are as required, tight reporting deadlines are achieved, and the team is fully developed.

A qualified CA with financial sector or broad commercial experience, you will now be seeking a Board level appointment giving you greater scope to demonstrate your abilities in a wider business area as a member of the Executive team. Well developed management talents are essential as are good interpersonal skills.

The salary and benefits package is negotiable from £30,000 to attract the highest calibre individuals. Appointment to the Board is envisaged in the short term.

Relocation assistance is available where required.

Please send full CV which will be forwarded to our client unopened. Address to our Security Manager if listing companies to which it should not be sent. Ref: 2620/FT, PA Consulting Group, Advertising and Communications, Number Two Blythswood Square, Glasgow G2 4AD. Tel: 041-221 3954.



Creating Business Advantage

Executive Recruitment - Human Resource Consultancy - Advertising and Communications

PA TO PARTNER  
£30,000  
PARTNERSHIP  
2 YEARS

2 Partner firm of Chartered Accountants seek an ACA, ideally aged 26 to 34. You will have qualified in a small to medium sized firm and be conversant with dealing with clients on a one to one basis. Prospects and career progression are excellent.

In the first instance please contact:  
David Paton - 01-580-5522  
alternatively write to:  
Executive Search Division,  
Hynes Associates Ltd,  
77-79 Wells Street,  
London W1

TAX MANAGERS  
ACA, ATT To £35,000

AUDIT MANAGERS  
ACA To £30,000  
For medium to small sized firms of Chartered Accountants in Central London

David Paton,  
Executive Search Division,  
Hynes Associates Ltd,  
Wells House,  
77-79, Wells Street,  
London W1  
02-580-5522

# AN ability to rapidly respond and pro-actively contribute CORPORATE PLANNING FOR PROGRESS

Age 25-29

Sussex/M25 Corridor

c. £30,000 plus car and other benefits

Record profits and other key developments, representing this client's continuing progress and growth, have once again found favour in the Financial Press.

Operating extensively in both the UK and Europe (the latter being an area of potentially significant expansion) this company is a major player and well-regarded name in its area of the leisure and related services industry.

Growth and development of this kind could not successfully be achieved without a significant contribution from the Company's Corporate Planning area. A rare opportunity to join this team has now arisen. The successful candidate will report at Director level and will enjoy extensive Main Board exposure involving the following activities:

- Long-range and Strategic Planning
- Review of key investment projects and potential acquisitions
- "Trouble-shooting" in areas of opportunities and change within individual operating companies

In order to be able to perform this high profile role you will be a Qualified Accountant (preferably but not

essentially an ACA). Your personal qualities will, however, be of greater importance and will include:

- A high degree of intellect, with a "robust" level of flexibility and a business mind capable of rapidly grasping and developing Corporate Issues.
- A professional, strong but diplomatic approach with presentation skills which will be immediately credible both at Board Level; to External Parties and to Senior Individuals within the Operating Companies.
- The ability and the desire to work in a rapidly developing environment with few formal reporting lines.

Experience of Corporate Finance, Investment Appraisal or Mergers and Acquisitions would be a useful, but not essential, advantage as would be a 2nd European language.

If you feel that you are able to respond to the above challenge please telephone Kevin White, BA ACMA as soon as possible on 01-491 3431 (0895 633429 evenings/weekends) or write to her at FMS, 14 Cork Street, London W1X 1PF enclosing a recent CV and a note of current salary.

FMS

Search and Selection Specialists  
for  
Financial Management

# European Internal Audit Manager

Thames Valley

£28,000 + Car + Profit Share

Our client is the world's leading supplier of data communication products and computer accessories through catalogue marketing. In addition to its sales and distribution activities the company manufactures approximately two-thirds of its data communication products and has a large product management operation. This U.S. group has a worldwide turnover in excess of \$220 million and in Europe has 600 employees with operations in six countries. As a result of continued business success and exceptional growth, a young accountant is required to head up the new European Internal Audit function. You will report directly to the U.S. and indirectly to the European Financial Controller. The key responsibilities will be to evaluate the effectiveness of management controls across all activities and to make a significant operational contribution in identifying opportunities for business improvements. You should expect to spend a substantial proportion of your time in Continental Europe.

Candidates will be qualified accountants with at least two years post qualification experience gained either in a professional firm or in an internal audit role. You will have good commercial awareness and strong communication and interpersonal skills. This dynamic group provides excellent career prospects. Interested applicants should write enclosing a comprehensive Curriculum Vitae and daytime telephone number, quoting Ref: 301, to Sara Cooke, MA, Whitehead Rice, 295 Regent Street, London W1R 8JH. Telephone 01-637 8736.

**Whitehead Rice**

MANAGEMENT SELECTION

## Ambitious graduate accountants

# We turn young accountants into high-flying managers - fast.

### c.£33,000 Rapid progression

The expertise that we at Pedigree Petfoods put into the development, manufacture and marketing of Whiskas - Britain's biggest-selling grocery brand - and our many other brand-leaders is widely acknowledged. Nowhere is this more true than in financial management, where some very bright brains indeed contribute to the success of our growing, £500 million business.

When recruiting accountants, we look for young, adaptable people who combine technical excellence with an unusual degree of personal influence and impact - we do not want specialist accountants to fill rigid, narrow jobs. This is because we expect our accountants to be active around the business, identifying significant opportunities for commercial advantage, and demonstrating their readiness to move ahead in management (this vacancy results from just such a move). Finance in Pedigree Petfoods has long been a proving ground for top managerial talent within the international Mars Group - in fact, whichever Group company you visit, anywhere in the world, you're likely to find senior managers who accelerated their career progression by joining us.

A graduate accountant with 2-5 years' post-qualification experience, you will already have made an identifiable personal contribution to business decision-making. Our salary levels should already have convinced you that we're only interested in working with the best.

A comprehensive package of non-contributory benefits includes pension scheme, life assurance and private health-care. Full relocation assistance will also be available for a move to the attractive rural East Midlands, an area offering many lifestyle advantages as well as excellent links with London.

For further information and an application form, please ring 0476 64253, ext 119, between 8am and 6pm, Monday to Friday. Completed forms must reach us by Thursday 23rd March. We welcome applications equally from women and men.

**Pedigree Petfoods**  
Excellence in the making



## RECENTLY QUALIFIED ACA's

Mergers & Acquisitions

London Base

Morgan Stanley International is looking for honours graduates, recently qualified as ACA's, to join its expanding London based Mergers & Acquisitions Department as Associates, where they will become involved in a wide range of transactions both in the public and private markets.

Morgan Stanley is a leading force in the European Mergers & Acquisitions market. Its London team comprises over 35 professionals supported by a large number of industry and market specialists throughout Europe.

Morgan Stanley offers outstanding career prospects and an extremely competitive remuneration package. Highly motivated candidates who possess strong interpersonal, creative and analytical skills (fluency in a second language would also be desirable) should apply in writing, enclosing a comprehensive CV to: Helen Warner, Human Resources, Morgan Stanley International, 1A Wimpole Street, London W1M 7AA.

**MORGAN STANLEY INTERNATIONAL**

MBA's

# MAKE AN IMPACT IN THE CITY

Outstanding remuneration packages

One of the City's most exciting stockbroking firms, Citicorp Scrimgeour Vickers has emerged phoenix-like from the flames of 1987 and ready to forge a dynamic new path into the 1990's. As our ascent gathers momentum, we seek an infusion of fresh vigour into

every area of our business. We want men and women who are as hungry as we are. Ambitious self-starters with up to five years' proven business achievement since attaining their MBA. Professionals who are determined to make it right to the top. We believe that excellence

dictates its own reward and we can satisfy the financial expectations of any MBA. To find out more, please phone Alan Jones on 01-234 2999 during office hours, or send a full cv to him at Citicorp Scrimgeour Vickers, PO Box 200, Cottons Centre, Hays Lane, London SE1 2QT.

**CITICORP SCRIMGEOUR VICKERS**

Member of The International Stock Exchange

### INSOLVENCY ADMINISTRATORS

£13-18,000

A "Top 20" International Chartered Accountants require two Corporate Recovery/Insolvency Seniors or Supervisors. This is primarily for their London office, but there will be prospects in provincial locations soon. Full study package is needed or TRANSFERING FROM AUDITING has also proved successful in the past.

Mike Morell,  
Meridian Accountancy  
Rec. Cons.,  
01-255 1555  
25 Museum Street  
London WC1A 1JT  
Fax 01-487 3018.

## A direct line to the executive shortlist

To secure the best appointments at a senior level needs more than good advice, accurate objectives and succinct presentation. InterExec not only provides career advice, but also a unique service to bridge the critical gap between counselling and the right job.

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A member of the Career Development & Outplacement Division  
Landseer House, 19 Charing Cross Road, London WC2H 0ES.



**The one who stands out**

## DIVISIONAL FINANCIAL CONTROLLER

Surrey

To £25,000 + Car + Benefits

A challenging opportunity has been identified within this newly created division which forms part of a major UK company.

The new division brings together four specialist companies encompassing design, civil engineering construction, plant and water engineering installations.

Reporting to the FD, the Controller will function autonomously and assume control of all day to day financial and management accounting functions for the four companies in this division.

Candidates will need to be qualified accountants with some exposure to the construction industry and possess both the flair and initiative to mould this newly created accounting function into a cohesive and well managed team.

Prospects within this group of companies are open ended both in the UK, and overseas if desired. Further benefits include: PPP, pension scheme, travel discount and relocation package if required.

For further details please contact Kim Langridge, consultant to the company on 01-409 8030, or write to him at the London office.

**ALLIED RECRUITMENT**

SWAN HOUSE, 19 STRATFORD PLACE, LONDON W1N 9AF.  
TELEPHONE (01) 409 8030. FAX (01) 493 8280.  
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THE CRUCIAL DIFFERENCE

## Business Management Executive

Play A Vital Part In Our Development.

Not only are we already one of the UK's leading truck manufacturers here at Leyland DAF, but we are also developing strategies to lead us confidently and successfully into the future. A future in which you could play an important part in the challenging role of Business Management Executive, at our marketing and sales headquarters situated at Thame, Oxfordshire.

Joining a specialist team based at our modern Head Office in Thame, you will travel extensively around the UK, working closely with a nationwide network of dealers in reviewing profitability and the efficiency of operations. You will also be concerned with territory analysis (which will involve you in financial modelling and forecasting) as well as the development

and implementation of a new dealer composite scheme.

In addition to an accounting qualification, you should possess energy, determination and excellent written and verbal communication skills. Experience within the retail motor industry and/or in the business management department of a UK vehicle manufacturer or distributor would be an additional advantage.

In return for your skills and commitment we are offering a highly competitive salary, an attractive benefits package and the chance to progress with an expanding, successful market leader. To apply, please write to Maureen Lawrie, Personnel Officer, Leyland DAF Marketing and Sales, Eastern Bypass, Thame, Oxon OX9 3FB. Tel: Thame (084421) 4666.

**Leyland DAF**



### FINANCIAL DIRECTOR

Excellent Salary + Car + Benefits

Situated in the North West, this rapidly growing company in edible nuts and associated snack foods, has built up its considerable market share by strong marketing and dynamic commercial management.

Its new £1 million nut production unit is probably the most modern in Europe. To take advantage of this investment it now seeks a high quality Finance Director to bring a sophisticated approach to financial aspects and computerised control. You will be required to concentrate on assisting the Board in the further development of the business using your expertise to advise on all financially related matters.

To meet this major challenge, you should be a Qualified Accountant preferably Chartered, with strong commercial acumen. You will need to be energetic, confident and preferably have an in-house knowledge of the Food Industry.

The task is demanding; the opportunity to record a major personal achievement is enormous.

Salary will be commensurate with experience.

Please write with full personal, career and salary details to:  
Lonsdale & Marsh,  
Queens Building, 57 James Street,  
Liverpool L2 7XB

### ASSISTANT GROUP ACCOUNTANT

This position is with a family controlled Group, turnover approx. £4m. The successful candidate will be a qualified accountant with several years experience in commerce/industry.

Located in Tottenham, London, the principal responsibilities of the post are the maintenance and development of Group accounting and information systems. In depth involvement with subsidiaries requires a hands on attitude to the role.

Salary, circa £23,000 p.a., plus other normal benefits. Write with C.V. to The Senior Group Accountant, Kenrich Group Holding PLC, 138 Little Ilford Lane, Manor Park, London E12 5PJ

## Highly Visible Opportunity within Acquisitive Plc

# FINANCIAL CONTROLLER

Age 32-35

Operating in a specialist consumer retail sector, our client is part of a well-known major international plc. A market leader, the client's 700 stores, have a current turnover of in excess of £300 million. Its niche market, which has effectively 'exploded' in the 1980s is still in the early stages of its development curve. Our client is planning to be at the forefront of this development, and fully explore all future opportunities as they arise over the next few years.

The Financial Director is now seeking to recruit an individual, whose immediate responsibilities will be directly involved in this growth.

Supported by a team of some 30 individuals your specific responsibilities will include:

- The short and medium-term planning process
- Internal management and group reporting
- Co-ordination of the company's systems implementation programme

Package to c.£40,000+car

You in turn will be a graduate, qualified accountant, who can demonstrate:

- A commercial and energetic approach to the business
- A proven ability to 'deliver' and achieve
- Excellent interpersonal and team-management skills
- An affinity to computerised systems
- Definite promotion potential

Previous experience of the retail sector would be a distinct advantage, but is not essential.

The company offices are based within the M25 corridor. A relocation package is available if required.

If you can meet the challenge of this highly visible career opportunity, you should write, enclosing your current confidential resume and salary details, to Peter Flammiger, Director, at FMS, 14 Cork Street, London W1K 1PF (Tel: 01-491 3431).

**FMS**

Search and Selection Specialists  
for  
Financial Management

Handwritten signature or mark.



# K SHOES Finance Director

## Lake District

Our client, K Shoes, is the highly profitable, household-name, retailing, wholesaling and manufacturing subsidiary of one of the UK's leading footwear groups, C & J Clark Ltd. With a turnover in excess of £100m and a healthy record of profits, they continue to be committed to further retail expansion, both organically and through acquisition.

Internal promotion has created the requirement for a Finance Director who will assume total responsibility for the Company's Finance, Management Information Systems and Company Secretarial functions, through the management of a high-calibre professional team. A demonstrable track record of achievement and innovation, preferably including systems implementation and development experience in a retail or clothing environment, are essential prerequisites.

to £37,500 + Substantial Bonus + Car

Candidates, aged 30+, should be graduate accountants, preferably chartered, with a high degree of technical competence allied to a strong personal presence and commercial awareness. As this is a key appointment within a senior management team, individuals will be expected to make a positive contribution to the overall development of the business.

A comprehensive benefits package including a profit related bonus scheme and full relocation facilities to an area noted for its outstanding natural beauty is available where appropriate.

Interested applicants should contact Stephen Broadhurst on 091-222 0545, or write to him quoting ref. NE010 at

Michael Page Finance,  
25 Collingwood Street,  
Newcastle-upon-Tyne NE1 1JE.



**Michael Page Finance**

International Recruitment Consultants  
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham  
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

# Controller - Leasing

Thames Valley

to £35,000 + Car

Our client is an autonomous subsidiary of a major merchant banking group. The company has gained an enviable reputation for the creation of innovative leasing and rental programmes tailored to meet the requirements of today's hi-tech market. Turnover this year will be in excess of £400 million.

Future expansion will involve an increase in core business, together with the development of additional opportunities with specialised packages and funding methods. To ensure effective management of its projected growth, the company now seeks a Divisional Controller to administer a new sector of portfolios.

Principal responsibilities will include day to day accounting, the supervision of EDP systems, financial planning and cash management and loan interest rate co-ordination utilising money market products. Marketing support responsibilities will include undertaking

an active client liaison and it is likely therefore that the successful candidate will be looking for increased responsibility covering every aspect of a deal.

Candidates (aged 25-35) will probably be qualified ACA/ACCA and should possess a minimum of 3 years' in-depth experience of lease accounting. Applicants must be determined, self-motivated and able to communicate effectively with senior executives. Experience of Tenhill packages would be advantageous.

This is a challenging role providing a high level of exposure to senior management throughout the group and offers excellent opportunities for career progression. Interested applicants should send a comprehensive curriculum vitae to Gary Watson or Wayne Thomas at Michael Page Finance, Windsor Bridge House, 1 Brocas Street, Eton, Berkshire SL4 6BW. Quoting Ref 5504.



**Michael Page Finance**

International Recruitment Consultants  
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham  
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

# Financial Controller

Circa £24k plus Car  
Surrey/Sussex Border

Rapid growth to a turnover of £20m in this highly regarded office design company, has created a new position for a qualified accountant.

In addition to developing and controlling a new computerised financial and management information system, the successful candidate will play a significant role in a young management team committed to sustained profitable growth.

Computer awareness, business acumen and the ability to motivate, are the key factors sought, although experience within a fast moving manufacturing environment would be an advantage.

Please write with a full career resume to: Ms. M. Carroll, Kornfort Systems Limited, Whitte Way, Crawley, RH10 2RW.



# FINANCIAL ANALYSIS MANAGER

RETAIL

N Home Counties

26-32

£25,000 + Car

Retail has proved to be one of the fastest growing sectors over the past few years. The substantial competition within this market has created unsurpassed opportunities for applying financial skills.

A requirement has arisen, within a retail support environment, for a professionally qualified individual to be involved with:

- Production of the annual and 3 year corporate plans including monitoring against targets
- Appraisal and review of major projects and the identification of areas of profit improvement
- Financial evaluation of the impact of planned strategies

- Preparation of formal presentations on major capital investment proposals.

The company is involved in an ongoing programme of expansion and candidates can expect good career opportunities within a major retail group.

Successful applicants will be qualified accountants, preferably with a business degree. Experience gained within a major corporation, not necessarily in the retail sector, would be an advantage.

For further information, please telephone Giles Daubeny on 01-437 0464, or write to him, enclosing brief details, at the address below.

ROBERT WALTERS ASSOCIATES

RECRUITMENT CONSULTANTS  
Queens House 1 Leicester Place London WC2H 7BP  
Telephone: 01-437 0464

## FINANCIAL ACCOUNTANT

To £30,000 + car + benefits

The Company, being a major subsidiary of Hambro Countrywide PLC, a quoted Public Company, whose business is in the Estate Agency/Financial Services sector is seeking to employ a mature qualified Accountant (male or female) to control its inhouse accounting bureau situated in Surrey. The bureau services the financial aspects of five of its subsidiaries embracing 190 house agency offices.

Reporting direct to the Holding Company the responsibilities include production of statutory accounts, monthly management accounts and budgeting all within limited time scales. Responsibilities will include the supervision of a large accounting staff and liaison with management at all levels.

The position is seen as being particularly attractive to applicants with the ability to communicate and command respect and is a senior appointment within the Group.

Apply in writing with a copy of your c.v. to -

Derek P Creffield  
Hambro Countrywide PLC  
Wilson's Corner  
1-5 Ingrave Road  
Brentwood  
Essex CM15 5TB

# Financial Controller

To transform a traditional historical accounting department into a lead business function.

Southern England Process Manufacturing c.£30,000 + Car

Reporting to the Chief Executive, you will be responsible for leading a well organised technically competent department through a period of change.

Traditionally the emphasis has been upon financial accounting and statutory compliance and whilst this remains an important responsibility future demands will be upon the provision of a comprehensive range of information that will enable management to plan and control their activities. The role will also encompass a company wide responsibility for IT.

Our client is the UK subsidiary of a major international organisation and is itself a market leader in its specialist technical field with manufacturing assets on several UK sites.

The post should be attractive to finance professionals in their mid 30's who are looking to head the finance function of a medium to large manufacturing company, where they can utilise their management abilities in creating change. Candidates should be qualified accountants (preferably graduates) whose formative experience has been gained in a high quality organisation with well developed management accounting computer based systems.

My client offers a full range of employment benefits including relocation assistance to a most attractive area of Southern England.

Applicants of either sex should apply in confidence to Michael Johnson on (0962) 844242 (24-hour service) or write to Johnson Wilson & Partners Ltd., Clarendon House, Hyde Street, Winchester, Hampshire SO23 7DX quoting ref. 927.



**Johnson Wilson & Partners**  
Management Recruitment Consultants

# FINANCIAL CONTROLLER with BOARD POTENTIAL

N. Kent

c.£30,000 + Car

Our client is an ambitious medium sized company engaged in the marketing, distribution, servicing and financing of high technology based capital equipment.

Key to the continued successful growth of the organisation is the recruitment of a qualified accountant aged 35-45 who can demonstrate "hands on" industrial accounting experience and commercial flair.

As part of the general management team the successful applicant will be responsible for supplying a comprehensive and integrated accounting service, implementing and enhancing systems, minimising foreign currency exposure risks and providing the board with sound financial guidance.

This influential appointment offers full business involvement together with excellent scope for ongoing career development.

For further information please contact Malcolm J. Hudson.

## HUDSON SHRIBMAN

VERNON HSE-SICILIAN AVE-LONDON WC1A 2QH-TEL: 01-831 2323

FINANCIAL RECRUITMENT

# Financial Director

North West

c £35,000, Car, Benefits

Our client is a respected and successful subsidiary of a major, multi-national group and a market leader in their field. They now seek to appoint a Financial Director who will provide a breadth and depth of functional leadership and contribute to the forward progress of the business.

Ideally aged in your thirties and an ACMA, you will be educated to degree level in a business related discipline and have several years experience in a senior position. Applications are invited from individuals who can demonstrate the ability to provide analytical and practical solutions in a manufacturing environment along with the commercial awareness to achieve objectives through influence and persuasion.

In return for your experience and commitment our client can offer an attractive salary, quality car and a range of large company benefits.

Applicants should forward a full C.V. and handwritten letter of application to: Mrs. D. Voice, Managing Director, Portland International Management Consultants Limited, Lloyd's House, 18 Lloyd Street, Manchester M2 5WA. Tel: 061-834 9825. Interviews will be held locally.

Portland International  
Management Consultants Limited



## FINANCIAL CONTROLLER



With an eye for the future  
Circa 25k + Car + Bonus

Rodenstock U.K. is an autonomous subsidiary of Optische Werke G. Rodenstock, one of the largest and most respected ophthalmic manufacturers in the world.

The U.K. operation urgently seeks the services of a young qualified Accountant to provide the professional financial management for a highly marketing orientated company.

It is envisaged that the successful candidate will soon elevate to Board level.

Please write with full CV to:  
Mrs. L. Bonnett, Personnel Officer,  
Rodenstock U.K. Ltd., Springhead Road,  
Northfleet, Kent DA11 6HU.



**Manchester Business School**  
University of Manchester

### CHAIR IN STRATEGIC MANAGEMENT

The University invites applications for a newly funded Chair in Strategic Management. The person appointed will join Professor D. F. Channon in developing a major research initiative in strategic management. The salary will be in the normal professional range with U.S.S. superannuation benefits. Informal enquiries should be made to either Professor Channon or the Dean of the Faculty of Business Administration. Detailed applications (suitable for photocopying) containing the names of three referees should reach the Registrar, The University, Manchester M13 9PL (from whom further particulars may be obtained) before March 17th (Tel. 061-275 2028). Quota ref. 44/88/FF. The University is an equal opportunities employer.

# AMA GROUP FINANCE DIRECTOR

New Malden,  
Surrey

£35-40,000 + car + profit share

Expanding rapidly both by acquisitions and by organic growth, AMA is engaged in the high technology area of the design, installation and maintenance of building services.

The increasing size and complexity of the group has created the need for a Group Finance Director who will improve controls and monitor performance in existing subsidiaries, and work with the Chairman on further acquisitions.

Applicants, preferably in their mid/late thirties, must be qualified accountants who should ideally have previous acquisitions experience. There is a strong preference for a background in construction or a related industry such as property development.

Please send a career résumé, including current salary and day-time telephone number, quoting ref: 3013, to G J Perkins, Executive Selection Division:

**Touche Ross**

Thames Inn House, 3/4 Holborn Circus, London EC1N 2HB.  
Tel. 01 353 7361.

## Finance Manager

### Central London £26,000 + Benefits

An excellent opportunity has arisen for an ambitious young finalist/newly qualified accountant, aged mid 20's, to join our client who is recognised as being one of the most advanced service Groups in the sector in which it operates.

The UK headquarters comprises a small tightly-knit team of professionals which reports to New York and has wide ranging corporate responsibilities which primarily include the controlling of multi-million dollar operations and investments.

As a direct result of promotions and continual developments within the Group, this role will be a key function within the corporate team, working closely with the Finance Director in London. It is an exciting and demanding post that will have financial reporting, treasury and tax strategy responsibilities along with many ad-hoc projects.

It is essential that candidates should have lively, energetic personalities, not only to be able to work daily with the top Group Management but also to progress within the Group. Good communicative skills are vital for this role.

Please telephone or write enclosing full curriculum vitae quoting ref: S18 to: Philip Cartwright FCMA, 97 Jermya Street, London SW1Y 6JE. Tel: 01-839 4572 Fax: 01-926 2836

**Cartwright  
Hopkins**

FINANCIAL SELECTION AND SEARCH

### DIRECTOR DE FINANZAS

#### MARBELLA, ESPANA

Nuestro cliente es una compañía del sector privado en el Reino Unido muy activa en adquisiciones que actualmente está dando mayor apoyo a su equipo de nivel gerencial superior con miras a flotación en 1991.

El negocio está expandiéndose rápidamente a través de adquisiciones y crecimiento orgánico en el área de seguridad y servicios afines que ofrece a sus clientes comerciales e individuales. Actualmente una parte importante de sus negocios se están llevando a cabo en España donde es la compañía de seguridad más importante en el área.

Existe actualmente la necesidad de cubrir el puesto de Director de Finanzas. Este es un puesto nuevo que será responsable de:

- desarrollar e implementar mejores controles de contabilidad y sistemas de información para la gerencia;
- preparación de presupuestos y pronósticos;
- flujo de caja más eficiente mediante control más efectivo de los deudores y los inventarios, y
- sobre todo, una participación importante en el tema de decisiones comerciales y pur lo tanto margenes de ingresos mayores, trabajando estrechamente con el Director General.

Los candidatos serán contadores titulados que pueden demostrar el enfoque comercial y habilidad para comunicaciones deseadas. Es indispensable que Ud. tenga dominio total tanto del español como del inglés.

La remuneración reflejara al alto nivel de este puesto, diseñada para atraer a un profesional de alto calibre.

Favor escribir confidencialmente con todos los detalles pertinentes indicando su remuneración actual a:

Goodall & Co  
122-124 Regent Street  
Londres W1R 5FE

Atencion del Sr. R. Bray

## Head of Internal Audit

### AGIP (N.A.M.E.) Ltd.

Jawaby Oil Service is part of the Libyan Oil and Petrochemical Industry and provides a total recruitment service to individual operating companies.

Our client, AGIP (N.A.M.E.) Ltd, a joint Libyan/Italian venture company, has a vacancy for the above position.

Responsible for supervising the company's affairs in accordance with fiscal laws and regulations. Candidates will be educated to degree level with at least 15 years' experience of which 5 years' will have been spent in an Auditing Department.

Excellent benefits include:-

- annual renewable contracts
- free accommodation
- airfare paid to point of origin
- medical insurance

Please write with full career details, including copies of certificates and a recent photograph, quoting ref. AF/20 to: Recruitment Co-ordinator, Umm Al-Jawaby Oil Service Co. Ltd., 33 Cavendish Square, London W1M 9HF.



JAWABY OIL SERVICE

## Equity Sales in Paris Continental European Institutions

Our client, a major brokerage house in Paris, belonging to a leading international banking group, is seeking to recruit an Institutional Equity Salesperson.

Reporting directly to the Head of the Equities Department, the successful candidate will be in charge of selling the French Equity Market to Continental Institutions outside France.

This highly attractive position requires an excellent knowledge and understanding of major Continental Institutional Investors, strong interpersonal skills and self-motivation.

A good experience of the French Equity Market and knowledge of European languages would be a definite advantage.

Contact Antoine Kamphuis in Paris on 010.33.1.42.89.30.03 or write, enclosing a full C.V. to Michael Page France, 10 rue Jean Goujon, 75008 Paris, France. (Quote Ref: AK 328 FT).



**Michael Page France.**  
Specialist in Banking Recruitment

London Amsterdam Eindhoven Brussels Paris Lyon Sydney

## Decision-making with Immediate Profit Impact KEY INVOLVEMENT IN BUSINESS MANAGEMENT

Age 28-33 yrs Mid-Surrey

The phrases 'commercially-minded' and 'full business involvement' often describe Finance opportunities. Here they are used in their fullest sense. This key BUSINESS FINANCE MANAGER will be working alongside Sales and Marketing and will be instrumental in those crucial business decisions which have immediate impact on the bottom-line profit.

In order to contribute to this Sales led environment (which provides a range of well-known consumer products in a rapidly growing and competitive market) it is essential that you can demonstrate the following:

- \* An obvious ability to make and implement decisions on a rational and realistic basis.
- \* A fast-thinking, broad business-mind with commercial acumen and the ability to perceive the wider and longer-term implications of decisions and strategies.
- \* An easy ability to relate to an ever-changing and

£32k plus car & generous bens.

developing product environment. Immediate customer impact and excellent management qualities to develop your professional staff.

You will be a Qualified Accountant, although your technical abilities will be of lesser importance than your commercial and personal qualities.

You are likely to have previous experience of management accounting, planning and analysis, preferably within a large fast-moving product environment. However you will now be looking to utilise this experience in a more proactive, commercial and decision-making role.

Do you feel that you have the true business qualities to respond to the above opportunity? If so, please telephone Karen Wilson BA, ACMA, on 01-491 3431 (or 0895 633429 evenings/weekends) as soon as possible. Alternatively, write to her at FMS, 14 Cork Street, London W1X 1PF enclosing a recent CV.

**FMS**

Search and Selection Specialists  
for  
Financial Management

## Head of Management Accounting

LANCASHIRE, UP TO £30,000 (PACKAGE) + CAR

This profitable company is a well-known manufacturer of consumer durable goods. World-wide sales of its products, which include brand names, total \$20 million. Considerable managerial and organisational change has recently taken place and this process is continuing across all business activities to meet ambitious growth objectives.

Reporting to the Financial Director, the Head of Management Accounting will manage a team primarily responsible for producing management accounts, product costs and reviews of product

performance. The immediate task will be to identify the information required to manage the reshaped business and to implement the appropriate systems and procedures to ensure its timely production.

This high-profile role offers a career move to an ambitious, creative and strong minded management accountant who enjoys the challenge of implementing change. You are likely to be in your early 30's and will already have held a responsible position in manufacturing industry. The job offers a high performer outstanding prospects

for career development.

Resumes please, which include a daytime telephone number and an indication of present salary to Peter James, Coopers & Lybrand Executive Resourcing Limited, Abacus Court, Minshull Street, Manchester M1 3ED, quoting ref. P169.

Executive Resourcing  
Coopers & Lybrand

## Finance Manager

Bedford

£28,000 + Car

Our client, a high technology company within the aerospace industry, is at the leading edge of technological design and development. The Company is enjoying rapid worldwide acceptance of its products and organic growth of 50% per annum is currently being achieved. The future potential of the group is very exciting.

The opportunity now exists for a strong Finance Manager to join the group, within the main operating company and with group-wide responsibility for the efficient and effective running of its accounting function. With responsibility for a staff of 12, this position has a strong management flavour and significant development potential.

Applicants aged 27+ should be qualified accountants with strong technical accounting skills, be structured and

clear in the application of these skills and have the ability to deliver accurate and timely information. Previous experience in a manufacturing and/or contracting environment is desirable; and good management and communication skills are essential.

Please write enclosing a full CV and daytime telephone number, quoting Ref: 302 to Barry Ollier, BA, ACA, Whitehead Rice Ltd, 295 Regent Street, London W1R 8JH. Tel: 01-637 8736.

*Whitehead Rice*

MANAGEMENT SELECTION

## CHIEF ACCOUNTANT

LEISURE

South Coast

£28,000 + benefits

An excellent opportunity for a qualified chartered accountant to make a mark in the leisure arm of a major UK company.

Reporting to the Financial Controller, the individual will have full responsibility for all aspects of the accounts department and a team of 60 people to manage. In addition to the production of accounts, cash management, and the control of capital expenditure, the incumbent will be expected to contribute to the commercial success of the business, as a key member of the financial management team.

You will be 32-42, ideally have a degree, as well as your chartered qualification, and be able to demonstrate at least six years of successful achievements in a fast-moving and large company environment. You will have experience of computer-based systems and ideally multi-national companies.

Please send a comprehensive career résumé including salary history and day-time telephone number, quoting ref.3012, to Bruce McKay, Executive Selection Division.

**Touche Ross**

Thavies Inn House, 3/4 Holborn Circus, London EC1N 2RB.  
Tel: 01-353 7361

## MANAGEMENT ACCOUNTANT

The Penguin Group is looking for a Management Accountant to join its senior team based at our Harmondsworth Offices.

The work of the department is wide ranging and varied as would be expected in this large and expanding international publishing group.

The successful applicant will play a key role in the preparation of budgets and forecasts and all forms of investment appraisal used as an aid to decision making.

The requirement is for a recently qualified accountant with some commercial experience who is prepared to adopt a flexible approach in this challenging environment. A thorough knowledge of computer spreadsheet systems is essential.

Penguin offer an excellent benefits package including private health care, pension scheme, subsidised car and five weeks holiday. A company car will be provided with this position.

If you are interested in this position and would like an application form, please telephone 01-759 2460 (24 hours), quote reference FMA/009 and leave your name and address.

THE PENGUIN GROUP  
We welcome applications from all sections of the community.

## FINANCE DIRECTOR £35,000 + CAR + BENEFITS

This is an exceptional opportunity for an enthusiastic professional and talented Financial Director with the ambition and potential to take full advantage of the tremendous growth and development of our communications Group of Companies.

The successful candidate will be a qualified accountant aged 30-40 with good computer experience as well as a track record of achievement at Director level. As important is an outgoing and market-orientated approach, with a constructively aggressive attitude to financial control.

Reporting to the Managing Director you will be responsible for corporate and financial planning, providing significant input in aiding the commercial decision making and to contribute directly to the growth of the company.

Please reply in confidence with a comprehensive curriculum vitae including details of current remuneration and contact telephone number to:

The Managing Director, S.T.C.L., 2nd Floor,  
10 College Road, Harrow, Middlesex HA1 1BE.

Handwritten note: "Cherished job"



# FINANCE DIRECTOR

Circa £40,000 plus excellent benefits, including Share Options

An exceptional opportunity for a Qualified Accountant to join a rapidly expanding Company which controls a group of subsidiaries operating in three main areas:

1. The Motor Trade
2. The Leisure Industry
3. Property and Investment

The Company is currently preparing for Public flotation in 1989 and the position offered is a new appointment within the Group. The successful applicant will join the Main Board of Directors and initially will act as Company Secretary.

The requirements are:

- Age: Mid 30's/40's
- Experience: Good training in a senior position with Public Companies
- Ability: Thorough financial and treasury skills and the ability to grow with the Company
- Attitude: Hardworking; Good team member; Willingness to take on responsibility; Eagerness to develop skills and management techniques.

If you are looking for an opportunity to join a growth Company of the start of its life as a Public Company, and wish to make your final career change, please write with full career and personal details to: John Fowles, Chairman, Gowrings Limited, The Grange, 18-21 Church Gate, Thatcham, Berks RG13 4PH. Telephone: 0635 64464



# Corporate Accountant

Central London Hotels £33,000

Our client, a small, thriving international hotel group is looking to recruit a capable, computer literate accountant for the role of Corporate Accountant.

Reporting to the Director of Finance the position will take responsibility for the preparation of corporate accounts, treasury management, the provision of timely financial information together with the implementation of a computerised accounting reporting system. The nature of the role demands attention to detail and the ability to react to requests for information in a clear methodical manner.

The Company, which is continuing an ambitious rate of growth and aims to build some 20 hotels, is situated in prestigious offices in the vicinity of the River Thames and Blackfriars station.

Applicants for the post should be self-starters, methodical accountants, ideally ACA/FCA, aged 30-45 with hands-on experience of computer systems implementation and corporate reporting.

Interested candidates should send a comprehensive curriculum vitae, with salary details and quoting reference 7024 to:-

Jeff Cottrell  
Pannell Kerr Forster Associates  
New Garden House  
78 Hatton Garden  
LONDON EC1M 8JA

Pannell Kerr Forster Associates  
MANAGEMENT CONSULTANTS

# AMBITIOUS ACCOUNTANT

Plan for success  
c.£19,000

Mercedes-Benz (UK) Limited is a direct subsidiary of Mercedes-Benz AG and a leading importer of quality cars and commercial vehicles.

We are seeking a high-calibre recently or part-qualified Accountant to lead our Planning Team based in our prestigious Milton Keynes head office. This is a challenging position, involving the preparation and evaluation of Business Plans and the exploration of profit opportunities, which will require both initiative and excellent communication skills. This post will allow you to develop your individual aptitudes and be the springboard for future advancement.

There is a considerable bias towards micro skills within this role and you should have an interest in and aptitude for analysing and developing financial systems. We offer excellent conditions of service including 21 days' holiday per year (rising with service), subsidised restaurant, pension scheme and exciting car purchase schemes and a relocation package will be offered where appropriate.

For an application form please telephone Ghna Roger on Milton Keynes (0908) 688899 ext 2491.



# Financial Accountant

Rapid Expansion Engineering Company

North London, Up To £25,000, Car

A division of a major Japanese multinational, this UK subsidiary is engaged in the sale of high quality precision engineered components with a turnover of £20 million. The organisation has achieved accelerated growth in the UK during the last decade, and a strengthening of the central finance team is now required. This new position reports directly to the senior finance executive within the UK and the role embraces the preparation and submission of budgets, financial reports and management accounting statements, with additional responsibility for working capital control and treasury management. You will also supervise a small, dedicated, experienced team and input extensively on commercial issues such as pricing strategy and sales performance analysis. Candidates, qualified accountants, must demonstrate an industrially based finance background incorporating management experience and exposure to computerised systems.

Male or female candidates should submit in confidence a comprehensive C.V. or telephone for a Personal History Form to, K.H. Thompson, Hoggett Bowers plc, George V Place, 4 Thames Avenue, WINDSOR, SL4 1QP, 0753-850851, Fax: 0753-853339, quoting Ref: N13084/FT.

# Hoggett Bowers

BERMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD, WINDSOR  
A Member of Biss Arrow plc

# FINANCIAL CONTROLLER

Excellent opening for commercially orientated Accountant with computer experience. A rapidly expanding company seeks an accountant to handle all aspects of financial and management accounting. Genuine career prospects. Salary 20-30k depending on age & experience.

Please contact: Multisecure Ltd - 01-208 1766

# Finance Director

LEICESTER, \$25,000 + BONUS + CAR

This \$11 million turnover company has shown impressive organic and acquisitive growth in recent years. Part of a major industrial group, their engineered equipment leads the market in a leisure related sector. The future holds every prospect of continued success based on new product development and diversification.

As Finance Director you will join a small but experienced management team and will have wide ranging involvement in the day-to-day management of the business. The emphasis is on teamwork and tight

control and you will have an important accounting and strategic role to play. The systems will need regular review and enhancement to cope with continued growth, whilst control of costs and effective financial planning will remain imperative.

A qualified accountant, you will already have managed the financial function in a medium sized manufacturing business. The position demands a practical that stresses approach to financial management. The business is profitable and you can play your part in keeping it that way, as it continues to grow.

Resumes please, which include a daytime telephone number and an indication of present salary, to Peter Jones, Coopers & Lybrand Executive Resourcing Limited, Abacus Court, 6 Minshull Street, Manchester M1 3ED, quoting ref. P167.

Executive Resourcing Coopers & Lybrand

# Financial Director

Buckinghamshire c £30,000, Car, Benefits

Our client, a progressive manufacturing subsidiary of a major international group, has an excellent opportunity for an ambitious professional to make a major contribution to the management and future development of the Company.

Aged 30-35 and qualified to ACCA, you will be educated to degree level in a business related subject. A minimum of five years relevant post graduate experience will have seen your career progress to a senior finance position. Your experience of costing, budgeting, variance analysis and period-end routines will be vital assets to your success within this challenging environment. An ability to take a strategic view and contribute to the commercial progress of the business will also be required.

The attractive salary, bonus, quality car and extensive associated benefits offered reflect the importance our client attributes to this demanding, highly pressured role. Prospects are excellent for a pro-active, committed individual.

To apply please forward your application in your own handwriting enclosing a full C.V. to: Mr. D. Voice, Managing Director, Portland International Management Consultants Limited, Lloyd's House, 18 Lloyd Street, Manchester M2 5WA, Tel: 061-834 5825

Interviews will be held locally

Portland International Management Consultants Limited



# FINANCE MANAGER AGE 25 - 35 LONDON

This is an excellent career opportunity to join the Management Team of this prestigious Private Hospital Complex.

The successful applicant will report directly to the Associate Executive Director/Finance and should be ACA or ACCA with at least two year's post-qualifying experience, preferably in the commercial field. Knowledge of a computerised financial accounts system and a determination to achieve deadlines are required as is the ability to supervise staff and communicate with all levels of management.

The Hospital offers an excellent working environment along with a generous salary and benefits package.

Please apply in confidence, enclosing a C.V. and salary details to Mr. Graham White, Personnel Director.

Humana Hospital Wellington

# Tilbury

## NEWLY QUALIFIED? MAKE THE FIRST STEP TO SUCCESS...

Company Accountant East Grinstead Up to £20,000+FXCar

The Tilbury Group is engaged in a wide range of construction activities which includes a rapidly expanding Property Development Division based at East Grinstead. Working closely with the Financial Director, this is a key position with responsibility for the production of management accounts, reports and budgets in addition to financial accounts. Successful candidates should be able to demonstrate a high level of computer systems knowledge and good interpersonal skills in order to liaise with Department Heads. A strong commercial awareness and the desire to progress will be rewarded with an excellent benefits package including bonus, fully expensed company car and low cost pension fund.

## MID KENT

DIVISIONAL ACCOUNTANT £28,500+Car+Benefits

Multinational manufacturers for health and leisure industry seek young innovative Accountant for their thriving head office division. Reporting to MD - full responsibility for 3 financial staff, computerisation of the whole accounting system, and overseeing maintenance of timely deadlines whilst communicating effectively at all levels. A positive, enthusiastic approach, coupled with determination will be rewarded with an excellent career path in this major organisation to offer free health insurance, NCPS and bonus scheme amongst their benefits.

# Accountancy Personnel

Placing Accountants first

Hays

A HAYS PERSONNEL SERVICES LIMITED COMPANY

# Financial Accountant

Salary Package circa £28,000

Trade Indemnity plc is a highly successful market leader in the field of Risk Management with a capitalisation in excess of £130 million.

Recent acquisitions, together with a major restructuring to cater for the demands of 1992 has created opportunities for people with drive and ambition who expect their career to grow within a dynamic environment.

We are currently seeking to recruit a Financial Accountant who will be responsible to the Financial Controller for the day to day management of the Company's financial accounting function.

The successful candidate in addition to being a qualified accountant, must possess first rate man-management skills, be computer literate and have good taxation experience.

If you feel that your personal ambitions and experience match these requirements please write in confidence with full career details to:

A.D. Sockling, Manager - Personnel  
Trade Indemnity plc,  
Trade Indemnity House,  
12-34 Great Eastern Street,  
London EC2A 3AX.

# APPOINTMENTS

## ADVERTISING

Appears every Wednesday and Thursday

for further information call 01-248 8000

Deirdre McCarthy ext 4177

Paul Maraviglia ext 4676

Elizabeth Rowan ext 3456

Patrick Williams ext 3694

Candida Raymond ext 3351

Patrick Sherriff ext 4627

# J A C



RECRUITMENT

## ACCOUNTANCY OPPORTUNITIES JAPANESE CONNECTIONS

Chartered Accountant up to £25,000.

ACA/ACCA Qualified accountant is required by a large international merchant bank to be responsible for General Affairs/ Settlement/Accounts Dept. You will supervise a team of 8 and will be reporting to D.M.D. Knowledge of computerised accounts is needed.

Account Manager £20k.

ACA/ACCA Qualified Accountant is sought by a newly established Import/Export Co. in Wimbledon. You will be in charge of 3 staff in computerised accounts dept. (IBM 6150). Experience in distribution business is an advantage.

Account Manager £20k.

An expanding retail co. in West End urgently need a qualified accountant to head their computerised accounts dept. using IBM 502.

If you can offer your experience to any of these positions please call

Irma Gill or David Hill on 01 786 4815 or 01 786 3132.

## CHIEF ACCOUNTANT Early 30s to £40,000 neg + expert benefits - LUXEMBOURG

A new position has arisen within the head office of international banking group for a qualified accountant to undertake a key role with responsibility for the consolidated accounts of the group.

The successful candidate will have excellent man-management skills with good supervisory experience and the ability to control the entire accounting function handled by a team of 10.

For further information please telephone SANDRA CLARK on 377-5040 or write to her at:

## LJC BANKING APPOINTMENTS

Devonshire House, 146 Bishopsgate, EC2M 4JX. 01-377 5040

# GENERAL MANAGER INDUSTRIAL INVESTMENT COMPANY CAIRO, EGYPT.

The Company, which is capitalized at US\$100 million, seeks to fill the position of General Manager. Principal business activities are term lending and equity investment in industrial projects.

Applicants must have a University degree in Business Administration and proven track record in investment management and experience in an executive capacity with at least 20 years. An awareness of Egyptian economic and industrial affairs is essential.

The candidate should be fluent in both Arabic and English. Salary and benefits will be attractive and commensurate with experience.

Interested applicants are requested to send resumés and particulars within one month to

The Chairman of The Board, P.O. Box 141 Dokki, Cairo, Egypt.







# Congratulations On Your Success In PE2 Now You've Done The Easy Bit... ... Leave The Rest To Us!

London	Kristin White ACA	01-831 2000	Leeds	Diane Forrester ACA	0532 450212
St. Albans	Jane Hayes ACA	0727 65813	Glasgow	Dean Gollings ACA	041-331 2597
Windsor	Susie Briggs ACA	0753 856151	Newcastle	Lindsay Sugden ACA	091-222 0545
Leatherhead	Tamar Hudson	0372 375661	Paris	Ivor Alex ACA	010 331 42 89 3003
Nottingham	Paul MacIldowie ACA	0602 483480	Lyon	Jerome Lancrenon	010 337 828 1604
Birmingham	Tony Hodgins ACA	021-643 6255	Brussels	Pierre Delahaye	010 322 347 0210
Bristol	Renny Hayes ACA	0272 276509	Amsterdam	Rob Vermaak	010 3120 266 776
Manchester	Rod Bateman ACA	061-228 0396	Eindhoven	Ed Hoerberichts	010 3140 433 735
			Sydney	Paul Lyons ACA	010 612 235 1488

Examination success opens up a highly complex range of opportunities to the Newly Qualified ACA. Making the right choice to ensure long-term career success demands exceptional skill and judgement. As you can see from the above, Michael Page Finance is well qualified to assist you in this process, as we fully understand the rigorous process you have just completed and our links with the international business community ensure that we can provide impartial advice and guidance on the widest range of potential alternatives. All you have to do is ring.

## Newly Qualified ACAs

From £18,000 + Car + Benefits



So Much More Than Just Beer

- ▲ Holiday Inns International
- ▲ Crest Hotels
- ▲ Coral Racing
- ▲ Toby Restaurants
- ▲ Britvic Corona
- ▲ Hedges and Butler
- ▲ Alexis Lichine
- ▲ Augustus Barnett
- ▲ Bass Leisure
- ▲ Bass Export
- ▲ Delta Biotechnology
- ▲ 7000 British Pubs
- ▲ 13 Breweries.

With a turnover in excess of £3.7 billion, a listing as one of the biggest and best blue chip companies in the UK and committed to a vigorous policy of diversification and development, Bass is a truly international corporation.

### Group Head Office ▲ Midlands

After a record breaking year and as a result of continued growth, an outstanding opportunity has arisen within the Group Finance function.

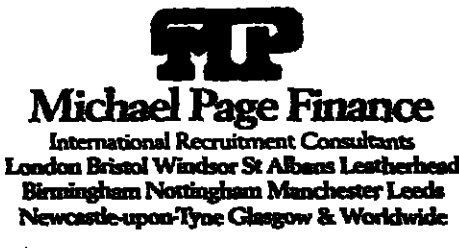
Reporting to the Financial Planning Manager, responsibilities will include the review of major investment projects proposed by operating companies, the evaluation of new product and business opportunities, involvement in the preparation of medium-term financial plans and the development of computer based financial modelling.

The role is exciting and diverse, providing the successful candidate with exposure to the most senior management of the Group as well as outside professional advisors.

### Hotels & Restaurants Division ▲ Home Based For International Travel

With the Group's existing UK brand leader, Crest Hotels, combined with the recently acquired Holiday Inns International, the newly formed Bass Hotels and Restaurants Division has now over 150 locations Worldwide. To support this development a high calibre Senior International Auditor is required. Working as part of a small high profile team, you will travel extensively throughout Europe and the rest of the World including South America, Hong Kong, USA, China and Australia whilst gaining excellent exposure to sophisticated systems, commercial liaison with local and senior management and full involvement in operational reviews and ad hoc projects.

For each role a qualified ACA is required who can demonstrate commitment, initiative and strong interpersonal skills. The ability to perform well under pressure whilst maintaining a professional attitude is essential. In return the Group offers highly competitive packages and a flexible and responsive approach to career progression. Interested applicants should contact Paul Toner of Michael Page Finance on 021-643 6255 (24 hours) or write enclosing a current cv to Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST.



United Technologies ranks among the top twenty industrial corporations in the Fortune 500. It is a broad based designer and manufacturer of high technology products, including Pratt & Whitney aircraft engines, Sikorsky helicopters, Carrier air conditioning systems and Otis elevators. European operations have expanded rapidly with over 50 acquisitions and new ventures in the last 6 years; European sales are approaching US\$ 3 billion. The European Audit Department, is recognised as a training ground for United Technologies senior financial management of the future. Its 12 members are drawn equally from public practice and from industry or commerce. The active policy of Internal Advancement has resulted in 4 promotions to middle and senior management (line functions) in the last year. As a result, there is further requirement for:

## International Auditors

Around US\$35,000 Net + Car  
Based in Brussels

They will be responsible for leading and participating in financial and operational audits of the European operations, and for drafting audit findings and presenting such findings to both local and divisional management. Travel content is around 70% with return from assignments to homebase at weekends. Candidates should ideally be Graduate Chartered Accountants or hold an MBA degree, aged 25-30 and have a minimum of 3 years' relevant experience. A second European language would be a distinct advantage. In view of the increasing emphasis on integrated computer based systems in the operation of its entities, the Company would be particularly interested in candidates with an MIS background.

Additionally, there is a specific requirement for an Italian speaker, who, as an alternative to Brussels, could be based in Milan or Turin. These positions represent an excellent opportunity for high calibre individuals seeking a first move out of the accounting profession, or alternatively, a second move within industry, to obtain considerable top level management exposure coupled with excellent career prospects in a top industrial multinational. Interested candidates are invited to contact Thierry Raickman on 010.322.34702.10 or Terry Benson on London 01-831 0431 and/or send a comprehensive curriculum vitae to Thierry Raickman, Avenue Molière 262, 1060 Brussels.



## Corporate Finance

Newly Qualified ACAs £30,000 package

Our client is a leading UK merchant bank, with an impressive capital base and a worldwide banking network. The corporate finance department is one of the largest and most active in the City covering the full range of corporate financial activity. \* Mergers & Acquisitions \* Floations \* Takeovers \* Defence Work The division has been extensively involved in the government's privatisation programme as well as acting as financial advisor to a wide range of organisations including major UK public and private companies. An opportunity has now arisen for two Newly Qualified Accountants to join

this major corporate finance department. At the heart of their business is the quality of the service they provide for their clients. They will therefore only recruit first class individuals in line with the standards they have set themselves. To be considered for these roles you will need to be a qualified ACA from a "Big 8" firm. An excellent academic track record combined with a confident and commercial approach is essential. If you have a genuine interest in these roles, please call Penny Bramah on 01-831 2000 (evenings and weekends 01-871 0772) or write to her at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

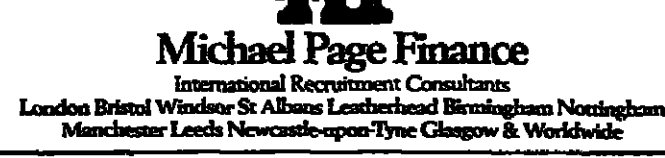


## Recruitment Consultancy

Nationwide £Excellent

MICHAEL PAGE GROUP PLC is the UK's leading executive recruitment group, with 13 offices in the UK and a further 6 in Europe and Australia. We enjoy "market leader" status in the fields of Accountancy, Marketing, City and Legal recruitment and have a new rapidly growing business in IT recruitment. Our dramatic growth and outstanding success to date has been built on our policy of recruiting young professionals from the markets in which we operate, and training them in skills and disciplines of recruitment consultancy. Our consistent achievement of ambitious long-term

plans, coupled with the fact that all senior positions are filled internally ensures that career prospects for outstanding individuals are virtually unlimited. If you are a qualified accountant, possessing a high degree of drive and determination, who is undeterred by the prospect of extremely hard work and who wants to work in an environment where success and reward are dependent purely on ability and performance, you should be ringing Dean Gollings ACA on 01-831 2000, or writing to him at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH.



AY MARCH... LIST JAMES FINUES ON 2E VII



NEWLY QUALIFIED

ACCOUNTANCY APPOINTMENTS

NEWLY QUALIFIED

# Now you can achieve recognition on a European scale

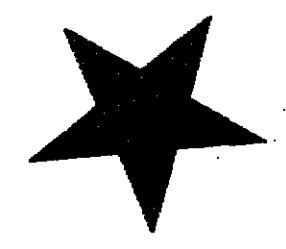
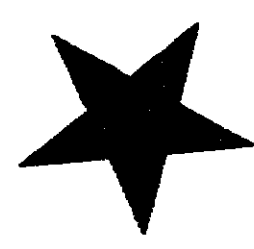
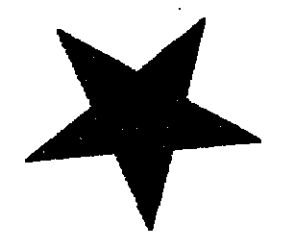
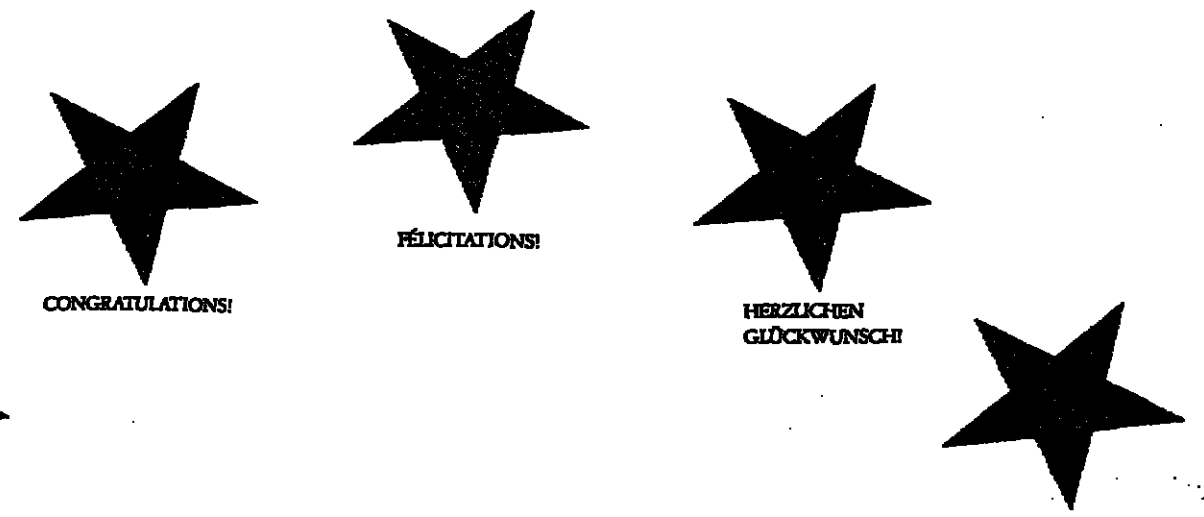
The potential of the single European market is being recognised not just in Europe, but around the world - and many companies seeking to do business in Europe are looking for qualified accountants to help them.

It's just one of the reasons why we have an acknowledged reputation - and a growing one - for which you, as a recently qualified ACA, can expect to gain the credit.

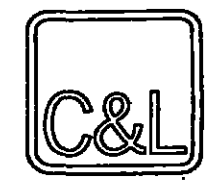
Working with us means you'll be part of the UK's leading firm of Chartered Accountants. We have a reputation for excellence in the development of careers in the financial services industry.

Consider the opportunities we can offer you: development and international opportunities; a progressive and dynamic environment; a reputation for excellence in the financial services industry; a leading role in the development of careers in the financial services industry.

For more information, contact us at: **Coopers & Lybrand**, 100 Old Broad Street, London EC2M 1JG. Tel: 01-479 3000.



## NEWLY QUALIFIED ACCOUNTANTS



Coopers & Lybrand

### FINANCIAL ANALYSTS

## Career Opportunities for Graduates

The Finance Function at Ford is fundamental in maintaining a competitive edge in the worldwide automotive industry. For ambitious graduates, the scale of Ford activities provides a unique opportunity for career advancement in a Company with a reputation for the excellence of its Management Development.

We have vacancies for Financial Analysts in one of our Operations Controllers Offices in Brentwood, Essex. You will work on a broad range of Financial Assignments and reporting responsibilities - an informal induction programme will enable you to gain an overview of the Company in a short space of time.

Attractive career prospects exist for candidates of the highest calibre with degree level qualifications - ideally in Business Studies, Maths or Economics. A high level of motivation combined with flexibility is essential in order to cope with a varying workload. You will either

be recently qualified or have around 2 years' relevant experience of Management Accountancy or Financial Analysis in a large organisation. Systems Analysis experience would be an asset. A driving licence is essential and interest in computer-based management information systems would be an advantage.

Salary is negotiable c. £15,800 according to experience and qualifications, together with the comprehensive Ford benefits package including holiday bonus, our beneficial car purchase scheme and relocation assistance where appropriate.

Please write with full CV to Eddie Davis, Ford Motor Company Limited, Room 2/A21, Dagenham, Essex, RM9 6SA.

This opportunity is open to both men and women regardless of ethnic origin in line with Ford's equal opportunities policy.



- 1ST, 2ND AND 3RD IN THE BEST SELLING CAR TABLES
- \$1.24M INVESTED IN R&D
- \$45 MILLION OPERATING PROFIT
- 27.4% OF THE TOTAL UK CAR MARKET
- NEARLY 50,000 PEOPLE WORK FOR FORD

## RECENTLY QUALIFIED & AMBITIOUS ACCOUNTANTS.

You don't need to go far to go a long way

Throughout the UK, Peat Marwick McLintock is synonymous with excellence in professional accountancy and business advice.

Part of KPMG, the world's largest accountancy and management consultancy firm, every one of our 58 offices nationwide offers exceptional experience for recently qualified accountants - from general practice and tax consultancy to flotations and management buyouts. Every region has contributed towards the firm's significant growth in recent years and we have ambitious plans for further expansion.

Wherever you join us at this important stage of your career, you will become part of a close-knit team handling clients who range from entrepreneurial owner-managed businesses through international subsidiaries to major PLCs. Alternatively you may specialise in Tax Consultancy, Computer Audit or Corporate Recovery.

If you have recently qualified as an ACA or CA, our unique team structure, training, and sheer breadth of business challenge will considerably broaden your career horizons - even on an international scale.

In every region, we offer a total package of salary and benefits that fully rewards the investment you have made in gaining your professional qualification. Through our national and international network of offices we provide the best experience you can find... anywhere in the country.

For further information, please contact any of the Regional Staff Partners listed. Alternatively, send your c.v. to Peter Doyle, Staff Partner, Peat Marwick McLintock, PO Box 486, 1 Puddle Dock, London EC4V 3PD.



KPMG Peat Marwick McLintock

### Merchant Banking

## CORPORATE FINANCE

Central London To £30,000 + Car + Mortgage Subsidy + Bonus

Our client is the UK merchant banking arm of one of Europe's largest commercial banking Groups. It has established and maintains an impressive network of contacts on the continent, in its dual capacity of both commercial and merchant banker.

Its mainstream activity centres on the field of international merchant banking, specifically mergers and acquisitions, corporate finance and investment management.

In line with the company's forward strategy they are seeking to strengthen their Mergers and Acquisitions department with the appointment of a manager.

Reporting to an Assistant Director this key position will entail the identification, marketing and subsequent completion of potential deals with both existing and prospective clients. You will maintain responsibility for both the initial analytical work in addition to subsequent client liaison.

Suitable candidates will be newly or recently qualified accountants (ACA), or graduates with up to three years hands on experience of Corporate Finance. Financial analysis exposure would represent a distinct advantage.

The mergers and acquisitions department is an informally structured but professional environment providing scope for a blend of individual initiative and integrated teamwork. This is an excellent entry point into a stimulating financial environment with promotional prospects that extend throughout the entire bank.



Interested applicants should contact Gerald Whiting quoting ref: A261 on 01-488 4114 or write to him, enclosing a comprehensive C.V. at Mervyn Hughes International, 63 Mansell Street, London E1 8AN.

NEWLY QUALIFIED

ACCOUNTANCY APPOINTMENTS

NEWLY QUALIFIED

THE NEWLY QUALIFIEDS' GUIDE TO RECRUITMENT CONSULTANTS

INTERNAL AUDIT OPPORTUNITIES S. E. ENGLAND - c£18k+benefits

General Accident Are you a young and ambitious Chartered Accountant with an interest in systems? Do you have the confidence in your abilities to instigate change? General Accident is one of the UK's major insurance companies and can offer you the opportunity to realise your potential in their fast-developing internal audit department. Seen as crucial to the continued effectiveness of the function, these positions present the chance to build a rewarding career in the financial services sector.

BLICK ROTHENBERG & NOBLE

When you started out, you wanted to become a Chartered Accountant. Have you ended up a chartered auditor? Blick Rothenberg & Noble are a very professional medium sized London firm with high standards and an enviable private business sector client base.

NEWLY/RECENTLY QUALIFIEDS-BIRMINGHAM

If you are looking to define a prosperous career with a progressive, ambitious practice, then look no further. Constantly expanding a diverse client base, whilst offering a high quality service the practice is committed to satisfying your vocational ambitions and providing attractive rewards.

OPPORTUNITIES IN EAGLE STAR Cheltenham/London £ Excellent Salaries & Benefits

Eagle Star is one of the most highly regarded insurance and financial services Groups in the UK - we insure about 7 million people worldwide and manage funds approaching £10b. Career opportunities exist for ambitious professionals at our head offices. If you are a qualified Accountant seeking a new challenge we'd like to hear from you.

COUNTRY LIFE-CITY CHALLENGE Suffolk £14,500-16,000

Andrew Moore & Co. Andrew Moore & Co, a three partner local firm established 1877 is a 'country practice' with a difference; its client base has a strong corporate bias covering an exciting cross-section of the local economy. A front line management position exists for a highly motivated individual with partnership prospects potential and some interest in systems work.

Accountancy Personnel Placing Accountants First Hays

ACCOUNTANCY EXECUTIVE APPOINTMENTS Second floor, Television House, Mount Street, Manchester M2 5WT

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DOUGLAS LAMBIAS ASSOCIATES LTD Financial and Management Recruitment Consultants 410 Strand, London WC2R 0NS

ACCOUNTANCY NETWORK with well-established offices along the M4 corridor, we specialise in senior level positions, offering a high-calibre service to both applicants and clients.

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HARROW Blue Arrow Sales & Accountancy 316 Station Road Harrow Middlesex HA1 2DX Tel: 01 863 9990

ST ALBANS Blue Arrow Sales & Accountancy Clockhouse Court 5-7 London Road St Albans Herts AL1 1LA Tel: (0727) 54422

MANCHESTER OFFICE: Clarendon House 81 Mosley Street Manchester M2 3LQ Tel: 061 228 0396

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ROBERT HALF Financial Recruitment Specialists in London, Birmingham, Windsor, Manchester, New York and 135 other cities worldwide.

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Mountbatten House, Victoria Street, Windsor, Berks SL4 1RE Tel: 0753 857181

Brook House 64-72 Spring Gardens Manchester M2 2BQ Tel: 061 236 0101

ROBERT WALTERS ASSOCIATES Robert Walters Associates Queens House 1 Leicester Place Leicester Square London WC2H 7BP Telephone: 01-437 0464

Robert Walters Associates Berwick House 35 Livery Street Birmingham B3 2PB Telephone: 021-200 5800

Robert Walters Associates 4A, High Street Windsor Berks SL4 1LD Telephone: 0753-831515

Robert Walters Associates 512 Avenue Louise BTE 3 1050 Brussels Belgium Telephone: (32 2) 649 5833

Recruitment Consultants specialising in Finance and Accounting. SCOPE EXECUTIVE 81-103 Euston Road, London NW1 01-387 8118

We don't advertise all our opportunities. Contact: Gerry Pearson

VIVIAN SRAM ASSOCIATES Oddfellows House, 40, Fountain Street Manchester M2 2AB Mrs Vivian Sram M.A. A.C.A. Tel: 061-832 4960

UNIQUE ROLES AT THE HEART OF THE CITY Newly-Qualified Accountants c£23K+ benefits The Securities Association is the largest self-regulating organisation set up under the Financial Services Act, covering The Stock Exchange and international markets. Although a young organisation, TSA has rapidly established itself as a professional promoter of high standards in the City business it regulates, working in the interests of investor protection.

ACCOUNTANCY EXECUTIVE APPOINTMENTS Second floor, Television House, Mount Street, Manchester M2 5WT. NEWCASTLE OFFICE: 25 Collingwood Street Newcastle Upon Tyne NE1 2JE. GLASGOW OFFICE: 150 West George Street Glasgow G2 2JG.

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NEWLY QUALIFIED

ACCOUNTANCY APPOINTMENTS

NEWLY QUALIFIED

WANT TO ESCAPE THE SMALL COMPANY ENVIRONMENTS?

Our client, a progressive international CA firm, is seeking young qualified ACA staff for their Edinburgh office. This is an ideal opportunity for individuals with excellent all round auditing and accounting experience and personality showing both initiative and self motivation.



28A Castle Street, Edinburgh EH2 3AT Tel: 031-226 6112

NEWLY QUALIFIED ACCOUNTANCY APPOINTMENTS

Will Next Appear On Thursday 28th September 1989

For further Information Call 01-248 8000

Deirdre McCarthy Ext 4177

Patrick Williams

Elizabeth Rowen Ext 3456

Paul Maraviglia Ext 4676

Candida Raymond Ext 3351

Patrick Sherriff Ext 4627

QUALIFIED GRADUATE ACCOUNTANTS Make a career in Accountancy with Barclays

Package up to £27,000 South Coast Base

Barclays is one of the world's most successful and profitable banking groups, with nearly 300 businesses operating in 75 countries. It has an outstanding record of innovation and growth in recent years and is well placed to take full advantage of the opportunities that are going to emerge in Europe from 1992 onwards.

We are looking for a number of high quality graduate accountants to join the financial control team. Successful candidates will possess the necessary leadership and management skills, the self motivation to make change happen and the potential and determination to achieve senior management status.

We will organise an initial two to three year training period within our central financial control area located in Poole. This area is involved in all aspects of financial and management accounting for the Barclays Group and plays the leading role in the development and co-ordination of accounting policies and practices worldwide.

If you feel you have the enthusiasm and dedication to excel in this environment, we offer a package that includes a competitive salary and generous benefits such as:

- Annual Bonus
Subsidised Mortgage and Loans
Profit Sharing
Non-Contributory Pension
Private Medical Insurance
Assistance with relocation expenses

If you like the idea of joining us, please send your CV to:-

TM FINNAGAN, HEAD OF PERSONNEL & ADMINISTRATION ACCOUNTS, ANTIS DEPARTMENT, BARCLAYS BANK PLC, BARCLAYS HOUSE, 1 WIMBORNE ROAD, POOLE, Dorset, BH17 2BB.



YOUNG CHARTERED ACCOUNTANT

Yorkshire base/ some UK travel

Age 24/30

£16-20,000 + car + benefits

Our client, a £100m turnover PLC has recently announced record results with a near 50% increase in profits. Their impressive 5 year growth trend is attributable to their continued commitment to the enhancement of their manufacturing capabilities as well as a policy of strategic acquisitions.

The Group's continued development has led to the creation of this new, high-profile position. Reporting to the Group Financial Controller, you will be responsible for reviewing financial controls and reporting systems at the subsidiary companies.

Much of the work is of a practical, problem-solving nature, dealing with profitability enhancement, and the development of accounting controls and systems. You will be involved in acquisitions, including initial investigations and the subsequent integration of new companies into the Group.

In addition, you will deputise for the Group Financial Controller in the consolidation of group results/budgets, together with some involvement in group banking arrangements.

To succeed in this varied and demanding role, you will need to be commercially aware, possess good communication and analytical skills and the ability to 'think on your feet'. Opportunities for career progression exist within the Group.

If you have recently qualified and are looking to make your first move out of the profession, please contact Jackie Hardisty, quoting ref no ID80



Enterprise House, 12 St. Pauls Street, Leeds LS1 2LE. Tel: 0532 446611

Also at Manchester and Liverpool

ASB RECRUITMENT LTD A Division of ASB Barnett Kingings Plc

MANAGER NEWLY/RECENTLY QUALIFIED

Medium sized progressive general practice based in EC4 have opportunities for qualified at managerial and supervisory levels. The managerial post requires a minimum of one years pge and involves all areas including fee budgeting and staff management.

Newly/ recently qualifieds would be responsible for on-site control of audits as well as fulfilling a PA to Partner role.

CONTACT Tony Sanderson or Mark Hollingsworth on 01-583 6074

QUALIFIED ACCOUNTANT

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VITA WORLDWIDE 21st CENTURY MATERIALS AND TECHNOLOGY TODAY BRITISH VITA PLC

INSIDE Goldberg goes for Tootal control

Abe Goldberg is weaving an intricate web in his attempt to snare Tootal, UK textile group and one of the world's biggest manufacturers of industrial sewing thread.

Investors tread warily in a golden minefield. There is no doubt about the Philippines' great potential for gold mining, but the activities of communist guerrillas in the country are causing most potential foreign investors to tread warily.

The high price of success. Nationale-Nederlanden, the Dutch insurer, has been snapping up foreign companies for 15 years and today derives more than half of its premiums from abroad.

Bundesbank guessing game. Will the Bundesbank act or not? Worries about whether the West German central bank will raise interest rates at today's council meeting have been weighing on the stock market for weeks.

Banesto shares slip on return. Spain's Banco Espanol de Credito (Banesto) has decided to have spent Ptas50m (\$3.1m) in a bid to support its shares on the Spanish bourse.

Market Statistics table with columns for various market indices and their values.

Companies in this section table listing various companies and their share prices.

Chief price changes yesterday table showing price movements for various companies.

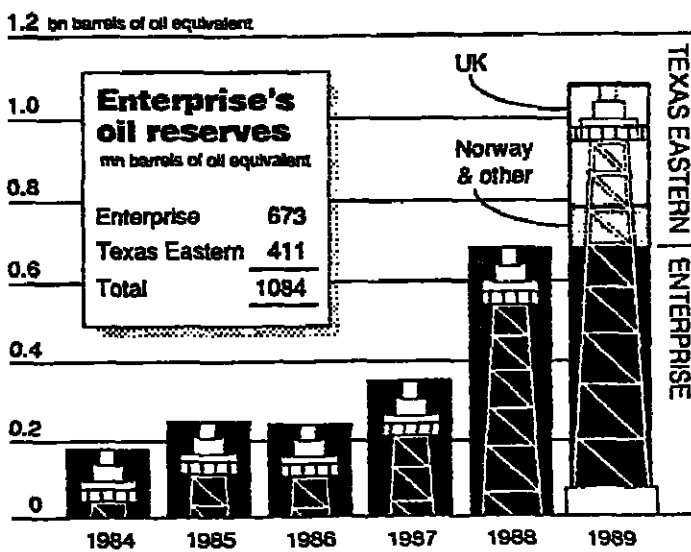
Enterprise leaps into North Sea big league

Steven Butler looks at the wide-ranging repercussions expected from yesterday's Texas Eastern deal

ENTERPRISE OIL yesterday became a billion barrel oil company, ending 12 months of breath-taking acquisitions and oil discoveries that have boosted its reserves more than 2 1/2 times.

Ever since Enterprise was cobbled together in 1984 it has had to put up with a succession of big, unfriendly, stakes

Acquitaine, the French oil group. The most likely reason Enterprise shares rose when shareholders were asked to shell out 256p for the shares of the deal is that brought to another reminder of predators waiting in the wings.



Hearne: head of a billion barrel oil company

result of the deal, jump by 61 per cent, and its current production stands to double to 131,000 barrels a day.

The Texas Eastern deal represents a step transformation for Enterprise. It will have an effect on the rest of its operations similar to the impact on Lomo of its 1988 acquisition of Thomson North Sea, just one day earlier.

rights specified when the Amoco-led UK exploration consortium was formed in 1985. This may allow them to pre-empt Enterprise in its purchase of the entire UK business of Texas Eastern (not individual fields).

Enterprise has become one of the major players in the North Sea, with a net acreage position that is only marginally behind Shell and Esso.

Allianz, Dresdner in marketing pact

By Haig Simonian in Munich

ALLIANZ, Europe's biggest insurance group, and Dresdner Bank, West Germany's second-biggest bank, have agreed to sell a wide range of each other's banking and insurance products in central Germany following the decision in December by Deutsche Bank, Germany's biggest bank, to enter the life insurance business.

Strong growth shown by non-life insurers

By Nick Bunker in London

IN REAL terms 1988 turned out to be one of the most profitable years the UK's major property and liability insurers have experienced since the Second World War.

Nokia posts sharp profits fall

By Olli Virtanen in Helsinki

NOKIA, the Finnish industrial conglomerate which has been struggling to absorb big acquisitions in electronics, yesterday reported a steep decline in profits. It plans to reduce its dividend from Fmk3.80 a share in 1987 to Fmk3.20.

BENCKISER

Joh. A. Benckiser GmbH has sold its European Industrial Cleaners Division to Laporte GmbH, a subsidiary of Laporte Industries (Holdings) PLC.

Pre-tax earnings treble at WPP

By Nikki Tait in London

WPP, the British marketing services company which took over the larger New York-based JWT Group 18 months ago in one of the bull market's most ambitious bids, yesterday announced pre-tax profits almost trebled from £1.1m to £4.0m (\$69.3m) in 1988.

We acted as financial advisers to

Joh. A. Benckiser GmbH. ERMGASSEN & Co December 1988



INTERNATIONAL COMPANIES AND FINANCE

Wereldhave jumps 16% on Peachey takeover

By Our Financial Staff

WERELDHAVE, the Dutch property group which last year took over Peachey Properties of the UK, yesterday reported a 16 per cent rise in earnings and said the restructuring of its British portfolio was "progressing very satisfactorily".

The company lifted its direct investment result from Fl 67.9m (\$33m) in 1987 to Fl 79m last year, and the portfolio rose from Fl 1.6bn to Fl 2.5bn, largely as a result of the Peachey acquisition.

Net asset value per share rose by Fl 1.167 to Fl 170.03, and the company proposes a total dividend for the year of Fl 8 in cash, plus a 2 per cent bonus issue of ordinary shares (Fl 7.54 plus 2 per cent in 1987).

Wereldhave said the market for commercial property in Brussels, London, Paris and several Spanish and West German cities continued to develop favourably, but the Dutch and US markets were less strong.

The UK restructuring began two months ago and many smaller properties from the trading portfolio had since been sold with proceeds above year-end valuations.

Wereldhave said this proved the strength of the British property market and justified its expectation that budgeted results on property sales this year would be realised.

Gross rental income last year rose from Fl 138.2m to Fl 155m.

Sixth year of improving fortunes for Woolworth

By Karen Zagor in New York

F.W. WOOLWORTH, the US retailer which has revived its flagging operations by adding a string of specialist stores, yesterday reported a sixth year of improved fortunes.

Net income for the fourth quarter to January 28 improved 10 per cent to \$14m or \$2.23 a share from \$13m or \$2 the previous year on sales which grew by 14 per cent to \$2.55bn from \$2.24bn.

Specialty store revenues jumped 28 per cent and general merchandise revenues increased by 7.1 per cent.

For the full year, profits rose 15 per cent to \$28m or \$4.47 from \$25m or \$3.81 while sales

increased 13 per cent to \$8.05bn from \$7.15bn.

Specialty revenues for the period improved 24 per cent and general merchandise revenues rose by 6.8 per cent. Foreign revenues, expressed in US dollars, increased 14 per cent, and domestic sales by 12 per cent.

Operating profits of Woolworth stores in the US improved to \$10m in the year from \$9m a year earlier. In 1987, profits for the US stores slipped by \$1m from \$9m. The Canadian division rose to \$83m from \$82m, but operating profits for the West German unit fell \$3m to \$7m.

Operating profits from Kinney stores in the US rose \$17m to \$220m and its stores in Canada and Australia added \$8m in operating profits to \$45m.

During the year Woolworth opened or acquired 1,164 stores and closed 214.

Harold Sells, chairman and chief executive said: "Overall, the economic outlook for 1989 appears quite favourable for both our specialty and general merchandise operations worldwide."

Shares in the company were trading up 1/4 at \$53 3/4 yesterday morning on the New York Stock Exchange.

Moulinex completes employee buy-out

By George Graham in Paris

MOULINEX, the French kitchen equipment group, has completed the buy-out operation which will pass control to its management and employees.

The operation enables the group's personnel to take over a 45 per cent stake in Moulinex - with double voting rights giving 69 per cent voting control of the company - for FF246m (\$33.7m). The shares currently belong to Finap, the personal holding of Mr Jean Mantelet, Moulinex's 88 year old founder.

Over 70 per cent of Moulinex's employees have subscribed to stock in a series of holding companies, which will control the Finap stake through the newly created Financière Moulinex.

The Credit Lyonnais bank is financing FF220m of the purchase price in a series of loans of FF140m and a 12 year loan of FF80m. In addition, its investment subsidiary Clivest will take a 5 per cent stake in Financière Moulinex, and will provide liquidity for employees needing to realise their investment because of retirement, disability or death.

Just over 25 per cent of Moulinex's capital will be in the hands of a "founders" company, including the chairman, the finance director and the sales director of the Moulinex group. Double voting rights will give the "founders" 51 per cent control.

The remainder of Financière Moulinex is divided between three grades of management, with 39 per cent of the capital in total, and other employees, with 31 per cent.

Banesto supports its stock in wake of failed merger

By Peter Bruce in Madrid

SPAIN'S Banco Espanol de Credito (Banesto), is believed to have spent Ptas30m (\$3.07m) supporting its shares on the Spanish bourses yesterday as trading reopened in its stock following the collapse on Friday of plans to merge with Banco Central and so create Spain's biggest bank.

The two banks had been holding their share prices equal since last October, but despite Banesto's support buying yesterday, its shares fell Ptas10 to Ptas7,750 while Banco Central's closed at Ptas7,750, which is where they were when trading was suspended on Friday.

Brokers said Banesto bought 74,000 shares, virtually the entire amount offered, to calm nervous investors.

Both banks formally called off the merger late on Tuesday, leaving Banesto owning 5.88 per cent of treasury stock accumulated through support buying since October. Some analysts dispute that figure and suggest the bank could own as much as 10 per cent of itself.

It also emerged yesterday that both Banesto and Banco Central had included provisions and reserves, possibly worth more than Ptas200bn in their 1989 accounts which may have to be accounted for again this year.

This arises because both banks revalued selected old assets and assumed that the Government would excuse payment of capital gains tax on most of the "new" assets to encourage the merger.

But because the deal has collapsed, the money they thought they had does not exist and the tax breaks will not happen.

Quite how Banco Central plans to cope with this could not be clarified yesterday. Banesto, however, has revealed that its gross asset revaluation was worth Ptas121.4bn.

Assuming it would have this money, tax free, to play with, it showed pensions and other provisions worth Ptas25m and a further Ptas20m in reserves in its 1988 accounts. It is also known that Banco Central, using money it assumed would be available, made provisions worth Ptas5bn in its accounts for last year.

The provisions are obligatory, and both banks will now need Bank of Spain permission for an extension of time in which to make them properly. Banesto appears confident it can do so this year and officials at the bank suggest that the non-existent Ptas20bn in reserves can be made up by issuing new debt.

Mr Mario Conde, Banesto's president, said the difficulty, however, because of continuing domestic and foreign unease about the amount of treasury stock the bank owns. He is thought to be planning to disburse this among bank staff and friendly clients.

March 9. The recommended share exchange is being worked out, and a decision on the deal is expected in mid-May.

The three companies, which held shares in each other, have been co-operating for several years in sales, distribution, raw materials procurement and technical development.

Norske Skog and Follum, Norway's two largest newspaper makers, have a combined annual production capacity of 300,000 tonnes, and a Norske Skog subsidiary produces 75,000 tonnes annually of so-called "mechanical pulp". Norske Skog produces sawn and planed timber, board and interior components. Tofte has an annual capacity of 900,000 tonnes for cellulose and "other" paper grades.

The intention is also to strengthen Norway's forest products industry by creating a group with a size and structure able to compete internationally, while increasing the competitiveness of the three companies, according to Norske Skog.

The three companies' boards will consider the plan on

Bull chairman to retire in June

By Our Financial Staff

MR JACQUES Stern, chairman of state-owned Compagnie des Machines Bull, the French state-owned computer group, is stepping down this year. It is thought likely that Mr Stern, 56, will be replaced by the group's present managing director, Mr Francis Lorentz.

Chairmen of French state-owned groups have renewable mandates for a three-year term of office. Mr Stern's mandate expires in June. Since Bull's nationalisation in 1982, asked the government earlier this year if he could retire when his current term expires in June.

Bull said "Jacques Stern has expressed his intention to find time for his personal activities



Jacques Stern: bowing out without compromising the continuity of Bull's activities. Mr Lorentz, 46, has been

closely associated with the group's strategy as Stern's right-hand man for the last five years.

Since its nationalisation, Bull has slowly pulled out of the red, recovering from a 1983 group net loss of FF625m (\$101m) to post a first-half 1988 profit of FF75m on consolidated sales of FF18.6bn.

Under Stern, Bull has developed a major role in the US. Last December it boosted its stake in computer group Honeywell Bull - which has now dropped the Honeywell from its name - to a controlling 65 per cent. It runs the US venture with Honeywell of the US and Japan's NEC.

Trinkaus keeps steady dividend

By Our Financial Staff

TRINKAUS & Burkhardt, the West German bank which is 70 per cent owned by Midland Bank of the UK, said that its 1988 net income rose 3.6 per cent from a year earlier, while operating earnings rose faster.

The bank will keep its 1988 dividend steady at DM9 a share.

Partial operating income, which includes interest and fee profit less spending on personnel and equipment, dropped 12.9 per cent to DM72.1m (\$39.6m) from DM63.9m because of lower commission earnings, the bank said in a letter to shareholders.

Rabobank up on strong lending

By Laura Raun in Amsterdam

RABOBANK, the Dutch co-operative bank, boosted its 1988 earnings by 12 per cent, as its lending business flourished and its costs grew only moderately.

Net income jumped to Fl 778m (\$337.6m) from Fl 692m in 1987, fuelled by record new loans to the agricultural industry, which is the bank's mainstay.

Credit to small and medium-sized business also expanded briskly.

Rabobank, the Netherlands' second largest bank in asset terms, is the third largest bank to report robust earnings for 1988. Amro and NMB Bank have also raised profits by 22.5 and 36 per cent respectively,

aided by greater than expected economic expansion in the Netherlands.

Mr H.E. Wijffels, chairman of Rabobank, predicted yesterday that profits would continue to improve this year. Lending, which is the co-operative bank's core activity, is expected to remain at about the 1988 level, he added.

Mr Wijffels also said he was confident that savings - the bank's prime funding source - would expand more rapidly in 1989.

Growth was disappointing last year, because banks were required to report customers' interest income to the Dutch tax authorities for the first time, and depositors balked.

Rabobank's overall revenues climbed 7 per cent to Fl 4.83bn in 1988 from Fl 4.5bn the year before. Interest income added 4 per cent, as higher volumes offset the squeeze on interest-rate margins.

Commission and fee income advanced 12 per cent, while other income surged 55 per cent, largely due to new fees for clearing payments. Expenses edged up by just 4 per cent, thanks to automation and slower growth in personnel.

Loan-loss provisions were lifted by 10 per cent to Fl 626m from Fl 477m due to the larger loan portfolio. The balance-sheet total gained 11 per cent to Fl 161.6bn.

Triumph-Adler back in black

By Our Financial Staff

TRIUMPH-ADLER, the Nuremberg-based typewriter and computer subsidiary of Italy's Olivetti, said it had returned to profit in 1988 for the first time since 1979.

The company did not give a specific 1988 profit but said in an interim report that it was at least DM10m (\$5.45m). Group turnover fell in 1988 to DM560m from DM594m.

Triumph-Adler made a 1987 group net loss of DM271m. Olivetti bought Triumph-Adler from Volkswagen in 1986.

Norway's big three paper companies plan to merge

By Karen Fossell in Oslo

NORWAY'S three largest newspaper and cellulose producers, Norske Skogindustrier, Follum Fabrikker and Tofte Industrier, plan to merge to strengthen their joint capital base.

The proposed merger would make one of the largest industrial tie-ups in Norway. The three companies had a combined turnover of Nkr7bn (\$1bn) last year and profits of Nkr700m.

The intention is also to strengthen Norway's forest products industry by creating a group with a size and structure able to compete internationally, while increasing the competitiveness of the three companies, according to Norske Skog.

The three companies' boards will consider the plan on

Bergen bank to raise Nkr510m in rights issue

By Karen Fossell

BERGEN BANK, one of Norway's top three banks, plans a one-for-five rights issue to increase its share capital by Nkr289.7m to Nkr1.75bn (\$280m) and strengthen its capital ratio.

Based on Tuesday's closing price of Nkr176 for the bank's shares, the issue would raise about Nkr510m. The price for the new issue will be fixed at a supervisory board meeting on March 14.

Yesterday Bergen Bank said the market for bank shares "had improved considerably in 1989".

Last year, the minority Labour government passed a law that requires banks' share capital to be at least 6.5 per cent of their assets. Yesterday Bergen Bank said it already had achieved a figure of 7 per cent, but that it wanted a higher ratio to give it greater freedom of action.

Unigestion net income rises 3%

UNIGESTION, the Swiss finance company which took control of Banca della Svizzera Italiana (BSI) with Park Tower of New York last year, reported a 3 per cent increase in net income to Sfr12.7m (\$8.8m), William Dulfuss writes.

The board proposes to pay an unchanged dividend of Sfr20 a share, and Sfr5 a share on 38,000 bearer shares issued last year.

A 23 per cent increase in operating income to Sfr41m was achieved largely through an extraordinary income from selling its old office building.

MANUFACTURERS HANOVER advertisement for Provveditorato Porto di Venezia, Lire 30,000,000,000 Revolving Credit Facility.

Nissan in venture with US group

By John Griffiths

NISSAN MOTOR of Japan and US-owned Structural Dynamics Research Corporation (SDRC) have formed a joint venture company to provide engineering consulting services in Japan and other Far Eastern markets.

While Nissan, Japan's second largest vehicle maker, is involved in several vehicle-making projects with other manufacturers, the venture with SDRC is said to be the first time that Nissan has linked with an overseas company to launch a business.

The joint company, called Estech, is to be 70 per cent owned by Nissan and 30 per cent by SDRC, and will be based in Yokohama. An SDRC official refused to give details on the size of investment.

Estech's role will be to provide engineering services based around its mechanical computer-aided engineering software for designing products. Initially, its main customer will be Nissan itself.

SDRC is based in Cincinnati, Ohio, and employs 700 people in 27 offices spread through North America, Europe and the Far East. It reported pre-tax profits of just under \$10m last year on a \$70m turnover.

The company's IDEAS software system activities account for more than half its total turnover.

Nissan has been using SDRC's engineering services since the mid-1970s.

Japan tyre makers race ahead

By Clive Wolman in Tokyo

TWO OF the three largest tyre manufacturers in Japan have reported 40 per cent increases in their pre-tax profits for last year.

Suntomo Rubber Industries, which incorporates the nucleus of the former British Dunlop group, showed profits of Y8.8bn (\$69.4m) against Y6.3bn. This came amid an 8.5 per cent increase in sales of automotive tyres to Y148.5bn, helped by strong personal consumption.

Sales of flooring and other industrial materials continued to grow rapidly for the fourth successive year, by 21 per cent, while sales of sporting goods increased by 14.5 per cent.

Sales of non-tyre products accounted for a record 23.4 per cent of total sales which rose 10.8 per cent to Y21bn.

The annual dividend will be raised by Y1.5 to Y7.5 per share for the year, as a one-off gesture to mark the company's 80th anniversary.

Suntomo's forecast for the current year is cautious, reflecting fears that demand for tyres will slow down in the second half of the year and nervousness about commodity prices. It forecasts a pre-tax profit of Y9bn, up 2.1 per cent, on sales up 4.5 per cent to Y230m.

Pre-tax profits of Yokohama Rubber, which ranks second

behind the market leader Bridgestone, were Y11.7bn compared with Y8.3bn on sales up 8.4 per cent to Y245bn. The main factors behind the gains were the surge in revenues from replacement tyres, industrial rubber products and aircraft products and higher returns from its financial assets. Tyre sales rose by 5.0 per cent and industrial rubber sales by 12.7 per cent.

Dividend payments are to be increased by Y1 per share bringing the total payments for the year to Y6. In the current year, sales are forecast to rise by 4.5 per cent to Y256m and pre-tax profits by 1.1 per cent to Y11.8bn.

Sime Darby HK leaps by 66%

By Michael Murray in Hong Kong

SIME DARBY Hong Kong, the locally listed conglomerate with interests including vehicle distribution, engineering and printing, lifted net profits from operations by 66 per cent to HK\$36.6m (US\$12.4m) for the six months to December.

Extraordinary profits of HK\$202.7m resulting from property sales boosted attributable earnings to HK\$289.5m. Turnover rose 46 per cent to HK\$1.47bn.

Strong sales were achieved in the group's lucrative motor sales franchise, which include BMW and Mitsubishi, and unit

sales grew by 15 per cent with profit margins being maintained.

The construction equipment division had a very strong first half, benefiting from the territory's current boom in construction activity.

The engineering division ran at a loss, hampered by spiralling wages in a very tight labour market, while the group's newly acquired subsidiary Lever Printing performed reasonably.

An interim dividend of 8 cents per share has been declared compared to a previous 6 cents.

Evergo Holdings, a Hong Kong investment company, has recorded net profits of HK\$12m for the six months to last October compared with a loss of HK\$7.8m a year earlier, agencies report.

It attributed the earnings mainly to its share of profits at its Chinese Estates subsidiary, and the sale of properties.

Turnover was more than halved to HK\$98m.

In the 1987 first half, the group suffered securities trading losses from the stock market crash. An interim dividend is being restored at 1.25 cents per share.

Copper price rise lifts Messina

By Jim Jones in Johannesburg

HIGHER COPPER prices and favourable exchange rate shifts lifted the turnover and profit last year at Messina, the South African mining and industrial company, even though the non-mining interests are steadily being sold.

Turnover rose to R400m (\$160.8m) from R259m and the pre-tax profit more than tripled to R49.7m from R15.2m.

The industrial interests are being sold to help fund the company's platinum prospect in the Lebowa black "homeland". The copper mine on South Africa's border with Zimbabwe is again profitable. Its cash flow is being retained in anticipation of capital spending in platinum mining.

Impala Platinum has agreed to buy 55 per cent of Messina's

shares and will acquire them as soon as the Lebowa government grants platinum mining leases to Messina. Net earnings rose to 962 cents a share from 141 cents and the year's dividend has been lifted to 75 cents from 35 cents.

Sasol, South Africa's state-sponsored synthetics (synthetic fuels) and chemicals company, lifted turnover and profits in the half-year to December 24 as higher chemicals prices more than compensated for lower controlled petrol prices. The directors expect a higher income in the second half despite a fire in January which has severely curtailed operations at one of the company's production units.

Interim turnover increased to R2,046m from R1,722m, oper-

ating profit before dividend receipts and tax and interest payments rose to R566m from R344m and pre-tax profit was R525m against R377m.

Sasol's synthetic petrol is sold at a controlled price related to world oil prices. Although this was increased during the period, Sasol's petrol revenues fell 15 per cent to an undisclosed level.

Revenues from chemicals increased with higher international prices for ethylene, phenols and solvents produced as co-products of liquid fuels.

Production at the Sasol 3 plant was cut by about 40 per cent by the fire in January and that capacity loss persisted through February. The plant is expected to reach full production again in September.

SA insurer boosted by claims fall

By Jim Jones

AN ABSENCE of fire claims, an unusually low incidence of weather-related claims and a major movement in crime losses boosted double interim underwriting profit at Mutual & Federal, the South African short-term insurer.

Nevertheless the company, which is controlled by Old Mutual, the country's largest life insurer, suffered an increase in the number and size of motor accident claims.

Gross premium income increased to R378m (\$151.8m) in the six months to December from R343m. The underwriting surplus rose to R39.4m from R15.2m, and a strong increase in investment income led to an increase in the interim pre-tax profit to R9.1m from R4.1m.

Net earnings rose to 102 cents a share from 57 cents and the interim dividend has been raised to 12 cents from 6.5 cents.

Along with its competitors, Mutual & Federal has cut premiums rates and announced no-claim bonuses to compete for market share.

Mr Ken Siggers, the managing director, warns against excessive rate cutting, but Johannesburg insurance analysts believe companies will cut rates further now that the vacuum filled by AA Mutual's collapse in 1987 has been filled.

In the last financial year earnings totalled 138.4 cents, and dividend for the full year was 22.5 cents.

Better margins help SA builder

By Jim Jones

MURRAY & ROBERTS, one of South Africa's largest civil engineering and construction groups, lifted interim profits in the six months to December as a higher level of construction activity led to improved contract margins.

Turnover rose to R1.64bn (\$669.3m) from R1.41bn, and pre-tax profit increased to R83.3m from R82.0m.

Offshore activities are being rationalised and sold, while in South Africa the group made several acquisitions and merged its ready mixed concrete interests with those of Blue Circle.

JB-B DOLLAR-BAER JULIUS BAER U.S. DOLLAR BOND FUND LTD. DIVIDEND ANNOUNCEMENT

JB-B D-MARK-BAER JULIUS BAER D-MARK BOND FUND LTD. DIVIDEND ANNOUNCEMENT



INTERNATIONAL COMPANIES AND FINANCE

Intel studies feasibility of manufacturing in Europe

By Terry Dodsworth, Industrial Editor

INTEL, the Californian semiconductor company, is examining the feasibility of manufacturing in Europe following the European Commission's controversial ruling on local content requirements.

The company stresses it is not as yet examining sites for a European facility. But Mr Sean Maloney, UK regional manager, says Intel is closely examining the initiatives coming out of Brussels to see how they will affect its business.

Swiss Bank Corp hits record

By John Wicks in Zurich

NET PROFITS of Swiss Bank Corporation, the country's second largest bank, rose to a record Sfr75.1m (\$24.1m) last year, an increase of 3.5 per cent.

The balance-sheet total expanded by 5.4 per cent to Sfr154.1bn, primarily because of the stronger dollar. The board is to propose an unchanged dividend of Sfr13 per share and participation certificate.

GM pays extra \$1bn for Hughes

By Karen Zagor in New York

GENERAL MOTORS, the world's largest car manufacturer, is to pay an extra \$1bn to acquire Hughes Aircraft Co, a major supplier of military aircraft.

Canadian banks show mixed results

By David Owen in Toronto

TWO MORE Canadian banks, Bank of Montreal and Bank of Nova Scotia, reported their first-quarter earnings and in each case, their performance was influenced by provisions for possible credit losses.

Bank of Montreal's decision to lift its provisions to C\$82m (US\$77m) in the quarter ended January 31, from C\$46.3m a year earlier, contributed to a slight year-on-year decline in net income.

Bank of Nova Scotia, by contrast, virtually halved its quarterly provision to C\$39.2m from C\$78.3m the previous year. Therefore the bank was able to report record profits for the quarter.

Columbia Pictures rises on bid hopes

By James Buchan in New York

STOCK in Columbia Pictures rose for the third day running yesterday amid some excitement in Hollywood and on Wall Street that a big foreign company would buy the celebrated motion picture studio.

Speculation continued to concentrate on Sony, the giant Japanese group, which is known to be interested in buying the studio as a source of entertainment software for its consumer electronics business.

Both Sony and Coca-Cola, the giant soft drinks company which owns 49 per cent of Columbia, have refused to comment this week on a possible deal.

Net withdrawals from US thrifts continue to mount

By Lionel Barber in Washington

NET WITHDRAWALS from US thrifts and loan institutions totalled \$4bn to \$5bn last month, Mr Danny Wall, Federal Home Loan Bank board chairman, told Congress yesterday.

The bank board has previously reported record net withdrawals in November and December, 1988, totalling around \$15bn.

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AMENDED NOTICE
crédit foncier de france
¥ 15,000,000,000
Guaranteed Floating Rate Notes Due 1997
For the six months
28th February 1989 to 31st August 1989

£85,000,000
BANQUE INDOSUEZ
Floating Rate Notes Due 1991
Interest Rate 13 1/16% per annum
Interest Period 28th February 1989 to 30th May 1989

Bank of Tokyo (Curaçao) Holding N.V.
£30,000,000
Guaranteed Floating Rate Notes Due 1990
unconditionally guaranteed by
The Bank of Tokyo, Ltd.

\$250,000,000
INTERNATIONAL PROPERTY FUND
A European and United States Real Property Investment Fund
Listed on the Luxembourg Stock Exchanges
Organized by
AMERICAN CONTINENTAL PROPERTIES GROUP
New York · Paris · Geneva · Madrid · Rome
and
KREDIETBANK, N.V.
Brussels

FINANSIERINGSINSTITUTTET
FOR INDUSTRI & HÅNDVÆRK A/S
7 7/8% DM 30,000,000 - Bonds of 1984/1989
- Private Placement -
Redemption as per March 15, 1989

Table with columns: High Low, Company, Price, Change, % of 1988, % of 1987. Includes companies like 312 385, 308 285, 42 25, etc.

Pardee promoted to top US post at Yamaichi

MR SCOTT E. Pardee, 52, is to be named co-chairman of the US unit of Yamaichi Securities, one of Japan's biggest brokers.

Standard Bank Import and Export Finance Company Limited

Standard Bank Import and Export Finance Company Limited
£50,000,000
Guaranteed Floating Rate Notes due 1992

THE FOOD INDUSTRY

The Financial Times proposes to publish this survey on:
18th April 1989
For a full editorial synopsis and advertisement details, please contact:
Jonathan Wallis on 01-248 8000 ext 3565

er margin SA builder
Y & R ROBERTS

INTERNATIONAL APPOINTMENTS

Mr Moir left Merrill last September after resisting cutbacks in the firm's operations. He said that Midland will continue to expand its retail business.

This announcement is neither an offer to sell nor a solicitation of an offer to buy these securities.





Creditanstalt-Bankverein

U.S. \$150,000,000

Subordinated Floating Rate Notes 1996

For the six months 28th February, 1989 to 31st August, 1989 the Notes will carry an interest rate of 10 1/4% per annum with a coupon amount of U.S. \$265.14, payable on 31st August, 1989.

Bankers Trust Company, London

Agent Bank



International Bank for Reconstruction and Development

U.S. \$250,000,000

U.S. Dollar Floating Rate Notes due February 1994

For the interest period 28th February, 1989 to 31st May, 1989 the Notes will carry an interest rate of 9.05% per annum with a coupon amount of U.S. \$231.28 per U.S. \$10,000 Note, payable on 31st May, 1989.

Bankers Trust Company, London

Agent Bank

First Chicago Overseas Finance N.V.

U.S. \$100,000,000

Guaranteed Floating Rate Subordinated Notes due 1994

For the three months 28th February, 1989 to 31st May, 1989 the Notes will carry an interest rate of 10 1/4% per annum with a coupon amount of U.S. \$532.54. The relevant interest payment date will be 31st May, 1989.

Listed on the London Stock Exchange

Bankers Trust Company, London

Agent Bank

National Australia Bank

(Incorporated with limited liability in the State of Victoria, Australia)

National Australia Bank Limited

U.S. \$50,000,000

Floating Rate/High Initial Spread Notes due 1993

For the six months 28th February, 1989 to 31st August, 1989 the Notes will carry an interest rate of 13.84375% per annum with an interest amount of U.S. \$707.57 per U.S. \$10,000 Note.

Bankers Trust Company, London

Agent Bank



Credit Commercial de France

U.S. \$250,000,000

Floating Rate Notes due 1994

For the six months 28th February, 1989 to 31st August, 1989 the Notes will carry an interest rate of 10.415% per annum with a coupon amount of U.S. \$532.32 per U.S. \$10,000 Note. The relevant interest payment date will be 31st August, 1989.

Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London

Agent Bank



Credit Commercial de France

U.S. \$250,000,000

Floating Rate Notes due 1997

For the interest period 30th September, 1988 to 31st March, 1989 the amount payable per U.S. \$10,000 Note will be U.S. \$469.80. The relevant interest payment date will be 31st March, 1989.

Bankers Trust Company, London

Agent Bank

Central International Limited

U.S. \$150,000,000

Floating Rate Notes due 2006

For the three months 28th February, 1989 to 31st May, 1989 the Notes will carry an interest rate of 10 1/4% per annum with an interest amount of U.S. \$258.75 per U.S. \$10,000 Note and U.S. \$2,587.50 per U.S. \$100,000 Note payable on 31st May, 1989.

Bankers Trust Company, London

Agent Bank

HALIFAX BUILDING SOCIETY

£750,000,000

Floating Rate Loan Notes Due 1998 (Series A)

Interest rate 13.2575% per annum

Bankers Trust Company, London

Agent Bank

INTERNATIONAL CAPITAL MARKETS VW leads rush for dollar deals

By Andrew Freeman

DEMAND FOR short-dated US dollar-denominated Eurobonds was more than satisfied by a deluge of deals yesterday. A quiet morning's trading gave way to hectic new issue activity as syndicate managers tried to take advantage of very advantageous swap opportunities in the two-year area.

Towards the end of last week, Eurobond houses identified limited investor demand for high current yields on US dollar issues by quality borrowers.

The rush of such deals yesterday afternoon inevitably led to speculation that too much paper had been thrown at what officials described as merely a pocket of demand.

Several houses not involved in the deals commented that secondary market issues like the Republic of Italy 8 1/2 per cent 1991 and the OKB 10 per cent 1991 looked good value compared to yesterday's new issues.

The bonds were quoted by JP Morgan at less 1 1/2 bid, a discount equivalent to co-managers' fees.

most sensible to be in long bonds or to be in cash. Swaps have driven the new issues, not demand.

JP Morgan was the lead manager of one of the first of a series of dollar-denominated Eurobonds.

The lead manager, only the second non-German bank to do an issue for a German corporation, put together a syndicate of four co-lead and 18 co-managers, taking a different approach to that adopted by Credit Suisse First Boston when it invited only a small group into Tuesday's deal for Exxon.

The bonds were quoted by JP Morgan at less 1 1/2 bid, a discount equivalent to co-managers' fees.

The lead manager, IBJ International, confirmed that the proceeds had been swapped into floating-rate US dollars and said swap spreads were very favourable.

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thought the bonds might prove hard to place.

The issue proceeds were said to have been swapped into floating-rate US dollars, although this was not confirmed by the lead manager.

Swiss Bank Corporation was the lead manager on a \$200m issue for SBC Finance Cayman Islands which came with a 10 per cent coupon and was priced at 101.65 to yield 33 basis points over equivalent US government bonds.

The bonds were expected to meet demand from Swiss investors, and the lead manager confirmed that it had pre-placed a large proportion of the paper before launch.

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A \$150m two-year issue for P&Hbank launched by Daiwa Europe had traders brushing expected demand for the floating-rate US dollars, although this was not confirmed by the lead manager.

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INTERNATIONAL BONDS

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NEW INTERNATIONAL BOND ISSUES

Table with columns: Borrower, Amount m., Coupon %, Price, Maturity, Fees, Book runner. Includes entries for US DOLLARS, CANADIAN DOLLARS, AUSTRALIAN DOLLARS, YEN, SWISS FRANCS, FT INTERNATIONAL BOND SERVICE.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns: US DOLLAR, YEN STRAIGHTS, FT INTERNATIONAL BOND SERVICE. Lists various bond issues with details on interest rates and prices.

TEESIDE

The Financial Times proposes to publish this survey on:

21st March 1989

For a full editorial synopsis and advertisement details, please contact:

High G Westmacott on 0532 454969 Fax: 0532 423516

or write to him at: Permanent House, The Headrow, Leeds LS1 8DF

FINANCIAL TIMES

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Swap deal body to set standard

By Katherine Campbell

THE International Swap Dealers Association gathers in Paris today for its two-day annual meeting, to review past and future developments of the \$1,500bn global interest rate and currency swaps market.

During the meeting, the group will announce details of a study on the dimensions of the related interest rate caps market, and will unveil a form of documentation aimed at establishing an industry standard for such products.

ISDA, which has grown from a coterie of just 10 firms in 1985, to a worldwide organisation boasting a membership of 110 financial institutions and corporations, is a trade group for swaps dealers furnishing market information, drawing up standard documentation, and helping represent the industry in regulatory matters.

Its development reflects the continued rapid expansion of the swaps market, which grew at a rate of 25 per cent in the first half of 1988, the most recent ISDA figures.

Now the ISDA is extending its ambit to caps, floors and collars, which are effectively interest rate options products that allow users to define the range of their risk by establishing a ceiling, or a floor, or both, to rate fluctuations.

The caps survey, undertaken by Andersen Consulting, a subsidiary of Arthur Andersen, the accountancy group, will give estimates of the size of this growing market, figures not currently available.

Meanwhile, the new caps documentation, developed by ISDA, aims to build on the success of the master swap agreements developed for interest rate and currency swaps. Such agreements generally give a framework for the relationship, and are designed to cut participants' legal costs.

Mr Mark Erickson, ISDA chairman, reckons about 80 per cent of new swaps written now use the current ISDA standards. He justifies the extension of ISDA coverage to this family of products by saying that "caps, floors and swaptions books are often managed by the same people (swap dealers)." Swaptions, options to enter into a swap contract at a later date, may also soon be candidates for standardisation.

Meanwhile, in the UK the relatively arcane subject of swaps has recently leapt to the attention of the public as the Department of the Environment refused to sanction payments arising from swaps and related products written by the Hambro Smith and Fubham borough council. The department questions the council's authority to enter into such arrangements.

Mr Erickson noted yesterday that the industry as a whole has been remarkably free of defaults to date. A survey conducted among the group's 90 members last year drew a response from 70 dealers; 11 had apparently suffered between them \$30m of defaults over the previous seven years.

COMPANY NOTICES

SOCIETE CONCESSIONNAIRE FRANCAISE POUR LA CONSTRUCTION ET L'EXPLOITATION DU TUNNEL ROUTIER SOUS LE MONT BLANC

FRF 450,000,000

FLOATING RATE NOTES 1987-1997

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 28th February, 1989 to 28th May 1989 has been fixed at 8.8375 per cent per annum.

On 29th May 1989 interest of FRF 248.44 per FRF 10,000 nominal amount of the Notes, and interest of FRF 2,484.38 per FRF 100,000 nominal amount of the Notes will be due against Coupon No. 7.

Notice to holders, including notices relating to the quarterly determination of interest rates, will be published only in "L'Agence Economique et Financiere" (Paris) and in "The Financial Times" (London).

BANQUE INTERNATIONALE A LUXEMBOURG Societe Anonyme

INCO LIMITED

Notice of Record Date

NOTICE IS HEREBY GIVEN THAT March 13, 1989 has been fixed as the record date for the determination of the holders of Common Shares, 7.25% Preferred Shares, Series B and the 10% Cumulative Redeemable Convertible Preferred Shares Series C, who are entitled to notice of the Annual Meeting of Shareholders of INCO LIMITED to be held on April 19, 1989.

DATED March 2, 1989 S.M. Herd, Secretary

APPOINTMENTS

FINANCIAL CONSULTANT

Leading international investment group seeks NYSE registered Financial Consultant, aged 25-30 for West End office. European language ability essential, two of which must be fluent, and Arabic. Applicants should have comprehensive understanding of financial markets, be educated to degree standard and have minimum of three years relevant business experience, some of which ideally gained in North American environment. Salary negotiable.

Please in strictest confidence, enclosing full cv, to Box A1163, Financial Times, 10 Cannon Street, London EC4A 4BY

ANNOUNCEMENTS

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LEGAL NOTICES

No. 08908 of 1989 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF MAGNUM GROUP LIMITED

AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE

NOTICE IS HEREBY GIVEN that a Petition was on the 28th February 1989 presented to His Majesty's High Court of Justice for the confirmation of the constitution of the Share Premium Account of the above-named Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Millett at the Royal Court of Justice, Strand, London WC2A 2LL on Monday the 13th day of March 1989.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said Constitution of Share Premium Account should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requesting the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

Messrs Edge & Egan, 148 Edmund Street, BIRMINGHAM, B3 2AP

Ref: 08908/89

Solicitors for the above named Company.

CLIVE GREEN TRAVEL LIMITED

Registered number: 089088

Name of business: Travel Agents

Date of appointment of joint administrative receivers: 17 February 1988.

Name of person appointing the joint administrative receivers: Clifford Smith & Co. Chartered Accountants, 100 Abchurch Lane, London EC4N 3DF

JOHN MICHAEL THOMPSON, Joint Administrative Receiver

Office holder since 1st and 21st of

Corke Gully, 31 Abchurch Lane, London EC4N 3DF

31 Abchurch Lane, London EC4N 3DF

31 Abchurch Lane, London EC4N 3DF

31 Abchurch Lane, London EC4N 3DF

31 Abchurch Lane, London EC4N 3DF

31 Abchurch Lane, London EC4N 3DF

31 Abchurch Lane, London EC4N 3DF

31 Abchurch Lane, London EC4N 3DF

31 Abchurch Lane, London EC4N 3DF

A public notice "The Moral and Material Basis for Five Eurobonds" by Dr. R. M. The Lord Jones, London School of Economics, 230 p.m.

BYE has notified the editors because of a policy on fair play and value for money. Supper from 10-12.30 am. Dinner and top members, generous hospitality, excellent food. 01-74 6667, 166, Regent St, London.

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Income and expenditure figures harm Treasuries

By Janet Bush in New York and Katharine Campbell in London

US TREASURY bonds yesterday came under renewed selling pressure after two days of relative calm which followed the increase in the discount rate last Friday.

At the close, prices stood as much as 1/4 point lower and the Treasury's benchmark long bond was quoted 1/2 point down for a yield of 9.17 per cent.

In early trading, bonds had managed gains of as much as 1/4 point due to strength in the dollar.

Later, prices slipped back despite persistent dollar stability after the release of figures for January personal income and expenditure which provided evidence of substantial wage rises but also a sharp increase in the level of personal saving.

Personal income rose by 1.5 per cent, a larger rise than forecast, including a substantial 1.2 per cent increase in the wages and salaries component.

Personal consumption rose by only 0.1 per cent. The savings rate jumped to 5.8 per cent from 4.5 per cent.

Bond prices were steadily eroded throughout the session which was nevertheless fairly quiet because of speculation that a further rise in West German interest rates might emerge from today's meeting of the Bundesbank's policy-making council.

CURRENCY FACTORS held the attention of the UK gilt-edged securities market.

BENCHMARK GOVERNMENT BONDS

Table with columns: Country, Issue, Price, Change, Yield, Week, Month. Includes UK GILTS, US TREASURY, JAPAN, GERMANY, FRANCE, CANADA, NETHERLANDS, AUSTRALIA.

London closing. \* denotes New York closing. Yield: Local market standard. Prices: US, UK in \$/100, others in decimals. Technical Data/ATLAS Price Source

Dai-ichi Kangyo sets up bonds unit in US

By Janet Bush in New York

DAI-ICHI Kangyo Bank, Japan's largest commercial bank, said yesterday it has set up a brokerage subsidiary in New York to deal in and underwrite US Treasury bonds.

The subsidiary, DKB Securities, is expected to start trading in the summer and employ 15 to 20 people by the end of this year, according to Mr Masahiro Yagi, its president.

Commercial banks, both US and foreign, are allowed to trade in and underwrite government bonds and other eligible securities such as general obligation bonds.

Mr Yagi said that the bank had no plans at present to apply to the US Federal Reserve for powers to underwrite corporate debt under section 20 of the 1933 Glass-Steagall Act, although he said that this might be a possibility in the future as those powers become more widely available.

The Fed recently authorised five leading US commercial banks to underwrite all forms of debt subject to their compliance with various regulatory and capital adequacy rules, a decision being challenged in the courts by the Securities Industry Association.

Dai-ichi Kangyo said in Tokyo that it planned to expand its business gradually as the barriers between investment and commercial banking in the US break down.

Mr Yagi said DKB Securities would not deal in equities.

Finnish banks to issue MTNs

By Olli Virkanen in Helsinki

FINLAND'S leading commercial banks, Kansallis-Osake-Pankki, Union Bank of Finland and Postipankki, will jointly launch the country's first medium-term note (MTN) programme.

Beginning next Monday, each bank will initially issue FIM500m worth of MTNs, but in 12 months, the banks estimate, the programme is expected to reach FIM10bn.

Growing pains afflict Nat-Ned Laura Raam on a Dutch insurer's quandary over takeover policy

Nationale-Nederlanden might better be called Internationale-Nederlanden.

The Dutch insurer has been snapping up foreign companies for 15 years and today derives more than half of its premiums from abroad.

Now Nat-Ned is a victim of its own success, caught between the need to absorb its acquisitions and yet stay poised for further takeovers or perhaps even a merger.

Highly profitable life insurance in Europe has kept costs of generating new business in such promising markets as the Far East and southern Europe. But prospects for life business in the Netherlands - the most profitable country - are uncertain, and a major turnaround in the company's non-life business must still be consolidated.

If Nat-Ned wants to speed up rather sluggish earnings growth, then more takeovers will be on the cards.

"Consolidation costs time," explains Mr Jacob Van Rijn, the new chairman of Nat-Ned.

"But if a very nice bride came along we would consider buying such a company."

Nat-Ned is the Netherlands' largest insurer with 1988 premium income of Fl 11.8bn (\$5.75bn) and net income of Fl 703m in 1987. It is based in The Hague and results from more than a century of Dutch mergers.

Nat-Ned reflects the acquisitive nature of the whole Dutch industry. Long before 1992 became the symbol of European unification, Dutch insurance...



Jacob Van Rijn might go for a very nice bride

ers were pushing into Southern Europe in search of faster-growing markets than their own over-insured one.

Aegon and Amey, the second and third-largest insurers, generate even more premium income abroad than Nat-Ned.

In the free-wheeling Dutch market, stiff competition has ensured high efficiencies. All three boast attractive returns on shareholders' equity of between 10 and 14 per cent and Nat-Ned's expense ratio is an enviable low 22.3 per cent.

In Nat-Ned's future expansion, top priority goes to the Far East, now that a big drive into the US has culminated in the \$400m purchase of Southland Life, a historical link with Asia, dating back a century, are being used now to set up greenfield activities in Japan, South Korea and Taiwan, which will hopefully pave the way for eventual acquisitions.

Like most other financial institutions, Nat-Ned is amenable to a merger if the conditions are right. Mr Van Rijn, who took over as chairman on January 1, explained that a potential partner would have to be of similar size, command a strong base and possess complementary foreign operations.

"We are not in a hurry," he stressed repeatedly during an interview that excluded confidence about Nat-Ned's position and prospects. "Nat-Ned's coverage of the world means we don't have to merge... But, in the long run, it could be advantageous for both."

positive insurers. The volatile Mr Van Rijn said marriage to a Dutch bank is another option after Dutch law is relaxed to allow cross ownership between banks and insurance companies.

Mr Van Rijn, 59, who has spent his career at Nat-Ned, believes in open communication, decentralised management and "no surprises." Nat-Ned's corporate culture has long stressed locally hired managers who are carefully trained and given autonomy.

Nat-Ned has a better balance of life and non-life insurance than any competitor, according to Mr Van Rijn. Life insurance accounts for 53 per cent of total revenue and non-life for 38 per cent, based on 1987 figures.

Life business in the Netherlands is enjoying a boomlet ahead of a major fiscal reform for insurance companies and policy holders. But a proliferation of production and heightened competition from foreign insurers are expected to trim profit margins in coming years.

The reform package will raise the tax burden, but Nat-Ned alone among the Dutch insurers has set aside reserves for that purpose. Mr Van Rijn insists that non-life business has now structurally returned to the black after years in the red. He says the industry's treacherously cyclical nature is smoothing out.

Looking ahead, Mr Van Rijn says: "We're investing in the future. We must balance the expectations of shareholders with opportunities we have."

British, German and Swiss insurers are favoured, but American are not excluded, he continued, noting similarities in business culture. Among UK insurers, Commercial Union Assurance would seem to be one of the most likely candidates. It is comparable in size, a leader at home and one of the most international of the UK com-

C Itoh in Y112bn placement

By Our Financial Staff

C. ITOH, the leading Japanese trading house, is to launch a share issue this month to raise funds for its operations and to repay borrowings.

The public placement of 100m new shares will represent some 7.6 per cent of its expanded capital and, on current market values, would be worth Y112bn (US\$2.5bn).

The company confirmed the plan after the close of trading on the Tokyo Stock Exchange yesterday, when its shares fell Y40 to stand at Y1,210. The move was foreshadowed by a local press report.

The offer will be led by Nikko Securities, Itoh's main broker, but will include a minority underwriting role for four foreign houses - Jardine Fleming (Securities), SBCI Securities (Asia), DB Capital Markets (Asia) and Morgan Stanley International.

It will bring Itoh's outstanding equity to 311m shares. Pricing will be decided ahead of the three-day subscription period which opens on March 20. Payment is due on April 1, Y40 to stand at Y1,210. The move was foreshadowed by a local press report.

The announcement came as an industry group representing underwriters at 35 brokerage houses said that new stock issues by Japanese companies would reach a record in the year just ending. By yesterday, it added, their firms had taken on underwriting business on behalf of 211 companies issuing Y4,115.4bn in new securities.

The most actively traded options share was British Gas, which attracted no more than 1,803 contracts, made up of 653 calls and 1,150 puts - modest in relation to a total of exercisable

contracts of more than 50,000, lying marginally towards the call side. The most heavily traded contracts in the early count, announced as being within the broad range of figures holding no great fears for the day after the Bank of England stepped in to support sterling against the early weakening that followed their release, contracts retained the quiet mood seen of late in individual stock contracts.

The London International Financial Exchange showed an unusual dip, to run at a discount to fair value at one stage, and to end without the upward drag lately exerted on the index.

Interest and heavily traded options share was British Gas, which attracted no more than 1,803 contracts, made up of 653 calls and 1,150 puts - modest in relation to a total of exercisable

Raine seeks £50,000 facility

By Norma Cohen

RAINE Industries has mandated Barclays & Zoete to arrange a five-year, £50,000 multi-option facility incorporating a tender panel to bid for short-term sterling acceptances or multi-currency cash advances.

The facility will be underwritten by a syndicate of banks providing a standby commitment for a five-year term.

Raine has also mandated Midland Montagu to arrange a complementary £50,000 sterling commercial paper programme.

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

Table showing rises and falls in various market indices like British Funds, Corporate, Industrial, Financial and Properties, etc.

LONDON RECENT ISSUES

Table listing recent issues in equities, including company names, amounts, and dates.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns for issue, amount, date, and price.

RIGHTS OFFERS

Table listing rights offers with columns for issue, amount, date, and price.

LONDON TRADED OPTIONS

Large table showing London traded options for various companies like British Gas, Shell, etc., with columns for call and put options.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

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UK COMPANY NEWS

Tax turnaround boosts Enterprise

By Jean Marshall

A 45 PER CENT increase in net profits from £60.7m to £87.4m was yesterday announced by Enterprise Oil, the oil and gas explorer and producer, for the year to December 31 1988. The result was struck after a total tax credit of £5.5m, compared with a £21.8m charge.

Barrels of oil per day against \$8.250. The acquisition of an additional interest in the Beryl and Ness fields in July was the principal reason for this. A number of other fields also performed better than expected.

Enterprise achieved higher sterling returns from its oil sales due to increased hedging of prices and exchange rate risk. The overall average price realised per barrel was \$2.73 against £1.06.

Enterprise Oil

£67.5m (£72.5m). Disposal of the group's interest in the Fulmar field and its Tricentrol shareholding contributed £17.6m to this and net interest received £27.6m (£28.2m).

were given development approval during the year and the group's share of expenditure on these and other developments is expected to total \$800m to \$900m over the next five years. It has pre-funded a significant proportion of these developments, and the balance is expected to be financed through a combination of corporate resources.

Sharp & Law to restate 1987 accounts

By Phillip Coggan

SHARP & LAW, the USM-quoted shopping group, said yesterday that its 1987 profits will have to be restated and its 1988 profits will be below expectations because of "material accounting errors" at the group's Bradford store-fitting division.

The news wiped out around a quarter of the group's market capitalisation, with the shares falling 35p to 93p. Before Sharp & Law joined the Unlisted Securities Market in May 1987, the Bradford division represented around half the group's business but after its flotation, Sharp & Law acquired BFN, a much larger shopfitter.

The Bradford operation now represents around 20-25 per cent of the group. The group's statement said that material accounting errors relating to the 1987 period, had been found during the preparation of the 1988 accounts.

Certain management information weaknesses had been identified and the company said that Arthur Young, the accountants, had been appointed to carry out an investigation into the management information systems of the division.

Mr Brian Considine, the chairman, would not elaborate on the nature of the accounting errors, or on the scale of the adjustment that would be made to the 1987 figures.

Sharp & Law made £1.21m pre-tax in 1987 before the acquisition of BFN; its brokers were estimating £4.2m for 1988. Figures for 1988 will be released on March 23.

Systems buys Enterprise Comp for £19m as HIT lowers stake

By Phillip Coggan

SYSTEMS RELIABILITY Holdings, the telephone systems and computer dealing company, is acquiring Enterprise Computer Services, a company specialising in upgrading computer mainframes, for £19.1m.

At the same time, Hillside Investment Trust, the investment subsidiary of Hillside Holdings, the foods group, is selling a substantial part of its stake in the group.

HIT has spent the last year revamping Systems, reversing Fletcher Denny's, a loss-making computer dealer, into the group and discontinuing its loss-making activities. Mr Robert Evans, an HIT director, became chief executive of Systems and relinquished his duties at Hillside.

Now HIT, which previously owned 22 per cent of the group, is selling 5m shares, reducing its stake to 4.3 per cent. HIT has already realised a profit of around £2m on its holding in Systems and will retain 1.3m shares. In view of the group's reduced involvement, Mr Michael Teacher is stepping down as chairman and resigning from the Systems board.

"We sorted out the group much more quickly than we thought and we wanted to release capital for use elsewhere," said Mr Teacher yesterday. Last week, HIT took a 43 per cent stake in Comas, the Third Market-traded computer staff recruitment company and a fortnight ago it headed a consortium which took a 29.9 per cent stake in Petrocon, the valve maker and survey group.

Systems is initially involving 6.7m shares at 115p each to pay for Enterprise, which will be placed on behalf of the vendors. Such shares will be available for clawback by existing shareholders.

A further 9.5m shares will be issued to the vendors once Enterprise's profits for the year to March 31 have been determined to be at least £2.4m. Enterprise made £1.75m last year. Further consideration may be payable depending on Enterprise's profits in the year to March 31 1990.

Systems estimated that its pre-tax profits for the year to December 31 1988, before discontinued activities and exceptional items, were £2m. After discontinued activities and discontinued activities, pre-tax profits are estimated at £1.4m. The directors intend to recommend a final dividend of 1p per share.

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ASW tops City expectations with £30.9m

By Vanessa Houlder

ASW HOLDINGS, the former Allied Steel and Wire, yesterday announced actual pre-tax profits of £30.9m for 1988, its first year as a quoted company. The figures were also presented on a pro forma basis, which assumes that the group had the benefit of the flotation proceeds for the full year.

The results were at the top end of analysts' expectations and the share price rose 5p to 238p. The company said that the results reflected continuing improvements in operating efficiency and cost reduction. It had increased its exports to continental Europe following the removal of EC production quotas.

Mr Malcolm Wallace, managing director, said that prices had drifted upwards although it remained very competitive market. The strength of sterling had not caused the group any discomfort, he said.

Improvements in technology and training provided scope for further improvements in productivity, he added. Capital spending ran at about £8m to £9m a year. Since June, gearing was cut from 24 to 5 per cent as a result of strong cash flow generated by increased profits and control of working capital. The pro forma net interest charge was reduced from £3.5m to £2.6m.

There was an extraordinary profit of £1m - £1.8m profit on land sales less the £800,000 cost of the free share offer for employees on flotation last June. ASW was floated last June. The group, which was set up

seven years earlier as a joint venture between BSC and GEM, was the first business to emerge from the Government's Phoenix programme to rationalise the UK steel industry.

A special single dividend was paid in January in respect of the past financial year. The next dividend will be announced with the interim results in September.

COMMENT If ever a company met the aspirations implied by the Phoenix programme, ASW might be the one. Once famed for its high costs, unreliability and low morale, ASW is now better known as one of the most efficient producers in Europe. It also claims to be within touching distance of Japanese productivity levels. The company is part of a working practices from Japanese producers. But in all this, the company has been helped by a backdrop of rising demand. Moreover, the price war feared following the abolition of quotas at the end of 1987 has not materialised as weaker producers raised prices after the removal of subsidies.

So challenges remain ahead for ASW. How far, for instance, would it succeed in its goal of taking market share from foreign competitors in the event of a downturn in demand in the UK? And at what stage would the Japanese producers turn their attention to the European market? For this year, however, ASW is expected to maintain the momentum of improved margins and increased exports. Analysts expect pre-tax profits of about £30m, which puts the shares on an inexpensive, fully-diluted price multiple of 8.

Durrant cuts S. African stake

By Ray Bashford

GOODE DURRANT, the industrial and financial management group, is reducing its exposure in South Africa through the sale of a 9.8 per cent stake in GDM Finance, the Johannesburg-quoted company.

The sale of 2.5m shares at 14p, excluding a final dividend, each cuts the holding from 59.4 per cent to 49.6 per cent. SA Mutual, South Africa's biggest investment institution, has acquired 2m shares and the remaining shares are being purchased by GDM's management which lifts its holding to 12 per cent of the capital. The reduction in the holding will allow Goode Durrant to equity account the investment which will have the effect of lowering group gearing. The proceeds from the sale are being held in South Africa on a short-term basis until an alternative investment in Europe or

in another African country is made. Goode Durrant also has investments in Malawi and Zimbabwe. Following the sale of the stake in GDM, Goode Durrant's southern African investments represent about 4 per cent of group assets.

GDM was a wholly owned subsidiary until it was cut to 54 per cent following a public flotation in September 1987.

Holmes & Marchant buys Spanish consultancy

By Ray Bashford

Holmes & Marchant Group, the marketing services company, is paying up to £2.7m for a 76 per cent interest in Consultores de Comunicacion y Direccion, the Madrid-based communications consultancy. The purchase is part of a plan to expand into continental Europe and to exploit the opportunities which are expected to flow from the single European market, directors said. Payment consists of an initial £1.21m in cash and a further £1.53m cash pegged to the Spanish group achieving profit targets. The profit related payment will be spread over three years, ending December 31 1991. CCD was formed in 1987 by Mr Julio Fco, formerly secretary general to the office of the Spanish Prime Minister. On completion of the acquisition the existing board will enter into a three-year service agreement.

Siebe grows in US with £11.6m time control buy

By David Waller

SIEBE, the controls, engineering and safety equipment group, is buying Wisconsin-based Paragon Electric for \$20m (£11.6m) in cash. Paragon designs and manufactures electronic time control products and energy control products. Sales are approximately \$50m and assets employed at the last balance sheet date were \$18.5m. Mr Barrie Stephens, Siebe chief executive, said that Paragon had been an important

customer for the group. "Our Japanese and European operations have their tongues hanging out for these products", he observed.

"In a separate development, IBM UK and Siebe have formed a 50/50 joint venture company called Robertshaw Intelligent Building Systems (RIBS). This will market, install and maintain advanced automation systems and products for building management and control.

Tiphook to raise £11.8m through share placing

By Ray Bashford

TIPHOOK, the container and trailer rental group, is raising £11.8m after expenses through a share placement representing 5 per cent of existing capital. The shares are being placed with clients of the company's broker at 48p, compared with yesterday closing price of 51.5p. Shareholders gave approval

last November for an issue of up to 5 per cent of the capital. Directors said that the placement was being made "in response to strong demand for the company's services and the high asset utilisation rate now being experienced in the light of its significant asset investment programme."

Benlox acquires Riverside

Benlox, the small property and industrial group, yesterday announced the acquisition of Riverside, which makes flexible packaging materials for the food and toiletries industries,

for £445,000. Benlox has also agreed to guarantee Riverside's debt of £175,000 which is due to its existing parent company in three tranches commencing in February 1990.

CCA shares rise 20%

By Vanessa Houlder

SHARES in USM-quoted CCA Publications yesterday rose by 20 per cent to 115p after the company announced it had received an approach which might lead to an offer being made for the company. CCA, a retailer of prints,

paintings and sculptures was a subsidiary of Christies International, the fine art auctioneers, until it joined the USM in 1985. CCA is expected to announce its preliminary results in the first half of this month. Profits for 1987 were £369,000.

ALLIANCE LEICESTER

Alliance & Leicester Building Society

£200,000,000 Floating Rate Notes 1993

In accordance with the provisions of the Notes, notice is hereby given that, for the three month period, 28th February, 1989 to 31st May, 1989, the Notes will bear interest at the rate of 13 1/4% per cent per annum.

S.G. Warburg & Co. Ltd. Agent Bank

TESSIDE

The Financial Times proposes to publish this survey on: 21st March 1989

For a full editorial synopsis and advertisement details, please contact: High G Westmacott on 0532 454969 Fax: 0532 423516

or write to him at: Permanent House The Headrow Leeds LS1 8DF

FINANCIAL TIMES

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Prices taken at 5pm and change is from previous close at 9pm

Commercial Union Assurance advertisement featuring a large 'CU' logo, 'ASSURANCE' text, and 'Dividend increase 19%' headline. It lists key performance indicators such as operating profit before taxation increased by 19% to £201.8m, and dividend increase of 19% for the year to 19.0p per share. A table of highlights compares 1988 and 1987 performance across various metrics like total premium income, operating profit, and earnings per share. The ad also includes contact information for the company and a coupon for shareholders to request copies of accounts.



UK COMPANY NEWS

Merchant banking boosts Ansbacher results

By David Lascelles, Banking Editor

HENRY ANSBACHER Holdings, the City financial services group, raised pre-tax profits by 41 per cent to £7.19m last year, thanks mainly to a sharp improvement in its merchant banking operations. Mr Richard Fenhalls, the chief executive who has been leading Ansbacher back from a period of loss, described 1988 as a year of progress despite difficult market conditions. Profits in merchant banking rose 20 per cent to £5.2m with increases in both fee-earning corporate finance activity and lending, where the loan portfolio doubled to nearly £220m. Contributions also came from Ansbacher's offshore banking business, from its newly-formed Third World asset trading operation, and



Richard Fenhalls: a year of progress

from its New York-based mergers and acquisitions company which specialises in the media and communications business. Shipbroking made £417,000 at the pre-tax level, up from £330,000 the year before. However at the end of last year Ansbacher sold its shipbroking subsidiary, Seascope Shipping, to its management for £1.3m, after receiving a £1.2m cash dividend. The company was considered no longer integral to the group's core activities. Insurance broking produced a disappointing result. Profits were £53,000 before tax, down from £330,000 due to the poor performance of the UK business. However the US insurance broking operations earned substantially more than the previous year. Ansbacher has expanded its

Fenhalls said that the acquisitions marked Ansbacher's interest in adding to its existing offshore activities in the Channel Islands, Monaco and Gibraltar. The group is highly liquid with a low gearing thanks to the 650m rights issue just over a year ago. The risk asset ratio of the bank is 26 per cent, well above the 12 per cent required by the Bank of England. Mr Fenhalls said Ansbacher was in no hurry to deploy its cash. The group would make acquisitions and add assets when the right opportunities arose. The dividend is being held at 2p. **COMMENT** The results show a healthy rise in profits, though it is flattered by interest earned on the

remains of the rights issue proceeds, now about £24m. The unchanged dividend suggests a continuing note of caution. The string of disposals and acquisitions of the last few months have created a clearer picture of the sort of group Ansbacher aims to become now that it has been nursed back to health. There will be more emphasis on merchant and offshore banking, and less on non-financial activities like shipbroking. But the challenge facing Ansbacher is to gear up prudently and profitably and raise the return on capital from its present low level of 10 per cent before tax, which is well under half what a successful financial group should be able to earn. The shares closed up 1p at 79p, where they yield 3.5 per cent gross.

Campari advances 33% and reports healthy orders

By Clare Pearson

CAMPARI INTERNATIONAL, leisurewear and camping equipment group, achieved pre-tax profits 33 per cent higher at £4.78m on a rise in turnover from £35.54m to £38.08m in the year to end-November. A final dividend of 6.5p (5p) is proposed, making 8.5p (6.5p) for the year. Earnings per share, on a net basis, rose 21 per cent to 42.5p (35.42p). Mr Randolph Black, managing director, said orders for the current season were healthy and initial responses to new ranges of autumn/winter clothing, which incorporates the "Bermuda Triangle" label previously developed for beach wear, had been extremely

encouraging. The interest charge fell to £588,000 (£577,000). Net borrowings at the year-end were reduced to about 10 per cent of shareholders' funds, down from 40 per cent at the end of 1987, during which the company made a £2.3m rights issue. The tax charge, which is expected to rise to about 20 per cent of profits in the current year, stood at £461,000 (£248,000). Campari's main activity is the design and distribution of beach, ski and other leisure clothing principally for 15 to 25-year olds. It chiefly sources its products, about half of which are sold into Continental Europe, from the Far East. Previously mainly involved in camping equipment, the company made losses earlier this decade but swung into the black in 1986, the year in which Mr Ake Nordin, a Swedish businessman who now chairs the company, became a major shareholder.

**COMMENT** Not helped by the management's past reluctance to communicate with the City, Campari's shares have an unduly neglected look. Even bearing in mind a more normal tax charge in 1988, they do seem undervalued on a prospective p/e for 1989 of about 7, assuming the company makes £5.8m pre-tax profits. The enthusiasm is less that it is positioned in the least vulnerable part of the textile chain and is emerging as a major operator in the growing leisurewear market. There is plenty of scope for it to develop further into the Continent, and it is indeed currently making a bigger marketing push into West Germany. Another strength is its prowess at extracting fine prices from its producers. Since they are situated in the Far East, prolonged dollar weakness would clearly be a help. Added to that it is a strong financial performer. For instance, were 15 per cent down at the year-end. The shares deserve closer scrutiny.

Polypipe profits boosted 39%

By John Thornhill

POLYPIPE, the Doncaster-based manufacturer of plastic pipes and fittings for the building and plumbing industries, increased pre-tax profits by 39 per cent to £3.78m in the six months to December 31. The advance from £2.72m in the previous period was achieved on turnover up 65 per cent to £39.4m (£18.5m). Earnings per share rose 34 per cent to 4.03p (3p). The board declared an interim dividend of 0.52p (0.7p). Mr Kevin McDonald, chairman and managing director, said the results reflected the group's strong position in an active marketplace. Improved production efficiency had enabled it to trade both com-

petitively and profitably. In August, Polypipe bought Mason Pinder, a precision mould tool manufacturer, which greatly helped the introduction of new products. Hayes Pipes, the Ulster-based manufacturer of pipes acquired in 1987, contributed good sales volume but not commensurate profits. Mr McDonald said that the second half of the financial year had begun well and that he was particularly encouraged by prospects in the UK housing refurbishment market. Polypipe also sees opportunities in continental Europe and is negotiating with several companies, Portugal, Spain and Italy, offer the best potential, the company says, France

and West Germany already have mature markets. Moves towards common European standards would affect the industry, Mr McDonald said, but "we are a lean management machine and we can cope with any standard they decide on". **COMMENT** Polypipe has been finished with profits in recent years and the trend looks set to continue with few problems around the U-bend. Strong organic growth is in prospect as it squeezes more from its new acquisitions and, with cash in the bank, another expansionary burst seems likely. The interim results keep Polypipe in line with expectations of £10m for the year, giving a prospective p/e ratio of about 13. There are some reservations about the future state of the markets it operates in, if the construction spree subsides, and Polypipe's share price may reflect these concerns. But the company counters that it was formed in 1980 and has proved that it can cope with hard times.

Associated-Henriques profits surge to £2m

By Philip Coggan

ASSOCIATED-HENRIQUES, the trade finance company, nearly quadrupled its pre-tax profits in the year to December 31, 1988. Profits increased from £516,000 to £2.01m on turnover which nearly tripled to £3.72m (£1.25m). Earnings per share rose from 1.20p to 4.19p. The group, founded by two South African cousins, Mr Mil-

ton and Mr Dennis Levine, joined the main market in January last year. Its increased capital base has enabled it to expand its business. Mr Milton Levine, the chairman, said that the company was significantly unlevered. The directors have declared a final dividend of 1.75p, making a total of 2.5p.

General Accident RESULTS FOR 1988

The audited accounts for the year to 31st December 1988 will be published on 10th April 1989, but preliminary and unaudited figures for 1988, with actual figures for 1987, are as follows:-

	1988 £M	1987 £M
Premium Income		
General Business	2,554.1	2,169.5
Long Term Business	292.5	213.6
	2,846.6	2,383.1
Investment Income	353.9	299.1
NZI Bank Result	(16.9)	(9.3)
Underwriting - General Business Result	(32.8)	(3.2)
Long Term Business Profits		
	318.2	212.3
	28.3	3.8
Less Interest on Loans	297.9	208.5
	7.6	4.1
Less U.K. Employee Profit Sharing Scheme		
Profit before Taxation	280.3	204.4
Taxation - U.K. and Overseas	76.5	40.8
Profit after Taxation	213.8	163.6
Minority Interests and Preference Dividends	(0.7)	2.4
Profit for the year available to Ordinary Shareholders	214.5	161.2
Earnings per Share	187.6p	86.2p
Dividend per Share	44.0p	35.0p
Net Assets per Share	915p	896p
Principal exchange rates used in translating overseas results		
U.S.A.	\$1.81	\$1.88
Canada	\$2.15	\$2.44

- Notes
- The above figures include the results of the NZI Corporation Limited for the period from the date of acquisition 26th July 1988 to 31st December 1988.
  - The NZI Bank result includes gains and losses both realised and unrealised on investments held for trading purposes.
  - Investment income excludes £10.4m (1987 £9.1m) representing amortisation of U.S. deep discount bonds which under the U.S.A. accounting conventions would be credited to earnings.

Analysis by Territory of General Business Premium Income and Underwriting Result

	1988		1987	
	Premium Income	Underwriting Result	Premium Income	Underwriting Result
	£M	£M	£M	£M
U.K.	945.7	45.8	820.2	(18.6)
U.S.A.	812.2	(41.9)	723.8	(33.7)
EEC other than UK	141.4	(14.8)	149.9	(14.5)
Canada	252.1	(7.3)	240.3	(3.2)
Pacific Basin	174.7	(1.4)	38.7	(5.1)
Other Overseas	81.3	(8.9)	79.7	(2.6)
London Market Business incl. internal reinsurance	186.7	(12.3)	96.9	(20.6)
	2,554.1	(32.8)	2,169.5	(98.3)

Life Department

There was an increased contribution to profit and loss account from our long term funds, which also recorded UK new business production as follows:

	1988 £M	1987 £M
New Life and Annuity Premiums	46.7	34.1
Annual Single	36.4	36.1

Final Dividend for the year ended 31st December 1988

The Directors have decided to recommend to the shareholders at the Annual General Meeting to be held on 3rd May 1989, a final dividend on the ordinary shares of 28.5p per share (1987 22.5p) payable on or after 1st July 1989, to shareholders on the register on 5th May 1989. The total dividend for the year of 44.0p per share (1987 - 35.0p per share) will cost £92.4m (1987 £66.5m).

The Directors propose, subject to the approval of shareholders at the Annual General Meeting, to offer ordinary shares in the Corporation in lieu of some or all of the cash dividend.

Net Assets

The net asset value of the group at the year end was £1,922m (1987 £1,708m).

General Accident Fire and Life Assurance Corporation plc.  
World Headquarters: Pitheavlis, Perth, Scotland PH2 0NH.

LIG Spanish expansion

By Vanessa Houlder

LONDON International Group, consumer products and services group, yesterday announced the expansion of its Spanish photoprocessing business with three acquisitions

costing a total of £900,000. It has bought Anseva Laboratorio Fotografico, Desarrolla Fotografico and Laboratorios Unidos del Norte

SEET Fall in US demand hits profits

CONTINUED reduced demand in North America for Harris Tweed affected half year results at Scottish, English and European Textiles, Edinburgh-based maker of clothing fabrics and mohair products. For the six months to October 31 group pre-tax profits fell from £344,000 to £188,000 on turnover down at £4.67m (£4.81m). Earnings per share were 1.4p (4.19p) but the interim dividend is being maintained at 1.6p.

Results from Kenneth Mackenzie Holdings, the world's largest maker of Harris Tweed, were likely to continue to reflect the North American situation in the second half, directors said, but they expected some return to previous levels of demand.

In retaining there was a first time contribution from Homemaker Shops, its US associate. Its interest in Homemaker increased to 46 per cent on November 1 1988 and the store opening programme was expected to increase profitability.

CHIEFTAIN GROUP Placing forecast achieved

Chieftain Group, USM-quoted supplier of specialist insulation and fireproofing services, said pre-tax profits were almost trebled at £1.03m for 1988, against \$356,000. At the time of the placing pre-tax profits of at least £1m were forecast. Turnover was up from \$6.51m to \$9.34m. After tax of \$312,000 (£29,000) earnings per share were 9.35p (3.51p). An initial final dividend of 1p is recommended.

News Digest

BEN BAILEY Profits are almost doubled

Ben Bailey Construction, South Yorkshire-based house builder, reported pre-tax profits almost doubled at £72,000 in the six months to December 31, against £384,000. Turnover rose 16 per cent from £9.83m to \$8.01m. From stated earnings per 10p share of 8.7p (4.71p) the interim dividend has been raised to 1p (0.6p).

APP HOLOGRAPHICS Acquisition of Cablebook

Applied Holographics, the USM-quoted hologram manufacturer, is planning to promote the sale of holographic products on greeting cards and gifts having acquired Cablebook, a retail products manufacturer and distributor, for £301,983 in cash. In order to meet the costs of the acquisition and safeguard Applied Holographics' present funds, CL-Alexanders Leing & Cruikshank has placed 150,000 new ordinary 5p shares at 240p Dealings in the new shares is expected to begin on March 3.

SOUTH STAFFS French holding up to 26.1%

Compagnie Générale des Eaux, France's largest water supplier, has increased its holding in South Staffordshire Water Company from 23.9 per cent to about 26.1 per cent. Générale des Eaux, through its wholly-owned subsidiary, General Utilities, bought 220,437 of South Staffordshire's stock on Monday. The French company now has an interest in £3,278,983 of the issued capital.

SUTTON WATER AIPF tender offer fails

Associated Insurance Pension Fund, an investment vehicle for the Sydney-based businessman, Mr Duncan Saville, has failed in its attempt to gain a 29.9 per cent stake in Sutton District Water Company through a tender offer. AIPF has only received valid acceptances in respect of £3,238 of Sutton's 7 per cent ordinary stock and £2,930 of its 4.9 per cent ordinary stock, representing 1.26 per cent of the issued share capital. AIPF now owns, or has agreed to acquire, 13.72 per cent of Sutton's voting share capital.

GREENFRIAR Scrip and warrant issue

Greenfriar Investment Company, one of the Henderson-managed investment trusts, is making a one-for-five capitalisation issue. It also proposes a warrant issue on the basis of one warrant to subscribe for a further new share, for every five ordinary shares held.

METAL BULLETIN Historical milestone

Metal Bulletin, USM-quoted publisher, saw pre-tax profits for 1988 increase 16 per cent from £1.11m to £1.3m. Turnover was £9.21m, against £7.94m, a rise of 16 per cent. Earnings per 10p share were 9.7p (8.31p) and the directors are recommending a final dividend of 3.45p (3.15p) for a total for the year of 5.5p (4.8p). The tax charge was £448,000 (£374,000). The company said the achievement of profits of £1.3m represented a milestone in its history.

BRITISH KIDNEY Higher Profits and dividend

A pre-tax profit of £36,504 (£78,177) was announced by the British Kidney Patients Association for the year to December 31 last together with a proposed final dividend of 7p (7.25p) making a total of 10.5p (7.25p). Tax took £24,768 (£21,506) and earnings per share were 11.52p (9.17p); the net asset value at the year end improved from 243.7p to 265p.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY - Indices of industrial production, manufacturing output (1985=100); engineering orders (£ billion); retail sales volume (1985=100); retail sales volume (1985=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Ind. prod.	Mfg. output	Eng. order	Retail vol.	Retail vol.	Unemp.	Vac.
1987							
4th qtr.	108.0	108.4	25.1	123.3	210.9	2,859	282.1
1st qtr.	107.7	110.8	26.9	125.3	212.5	2,488	249.9
2nd qtr.	108.1	112.1	29.2	127.2	211.2	2,291	252.5
3rd qtr.	111.0	116.8	31.8	128.2	208.8	2,228	244.3
4th qtr.	118.8	127.8	34.9	140.8	228.9	2,101	244.9
1988	108.4	111.4	31.7	126.1	217.1	2,466	248.0
1st qtr.	108.9	111.8	31.5	126.5	218.2	2,487	251.7
2nd qtr.	108.5	112.9	31.5	127.7	224.4	2,384	254.5
3rd qtr.	110.0	118.1	31.2	127.0	222.5	2,224	254.5
4th qtr.	118.1	128.1	34.9	140.8	228.9	2,101	244.9
1989	111.0	118.4	31.7	128.5	227.0	2,228	242.7
1st qtr.	111.5	117.1	31.8	128.4	226.5	2,182	242.0
2nd qtr.	117.1	122.1	32.6	140.8	228.9	2,101	244.9
3rd qtr.	111.7	117.4	32.8	140.4	228.8	2,105	245.2
4th qtr.	108.7	118.8	32.8	140.8	227.2	2,098	243.3
1989	108.7	118.8	32.8	140.8	227.2	2,098	243.3
January	108.7	118.8	32.8	140.8	227.2	2,098	243.3

EXTERNAL TRADE - Indices of export and import volumes (1985=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1985=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms of trade	Reserve US\$bn
1987							
4th qtr.	111.9	128.8	-2,280	-1,988	+1,073	97.9	44.39
1st qtr.	108.2	117.1	-3,274	-2,835	+1,089	97.0	44.94
2nd qtr.	110.8	128.8	-4,428	-2,861	+1,084	98.5	48.82
3rd qtr.	110.2	128.2	-4,283	-3,724	+1,370	98.1	50.48
4th qtr.	108.9	137.9	-5,251	-5,051	+1,401	97.5	51.87
1988	107.5	115.7	-1,424	-478	+2,201	98.8	44.94
1st qtr.	113.0	123.3	-1,237	-648	+1,309	98.2	47.59
2nd qtr.	107.7	128.4	-1,713	-1,124	+1,223	98.7	48.83
3rd qtr.	111.8	128.2	-1,872	-883	+1,182	98.7	48.82
4th qtr.	107.8	144.8	-2,861	-1,888	+78	98.8	48.83
1989	108.8	127.5	-1,857	-970	+1,177	100.0	50.64
1st qtr.	114.1	121.8	-1,473	-787	+1,164	98.1	50.48
2nd qtr.	102.7	138.4	-2,888	-2,288	+47	97.8	50.06
3rd qtr.	107.1	131.5	-1,488	-1,488	+132	97.8	51.04
4th qtr.	108.1	138.8	-1,763	-1,383	+141	98.7	51.89
1989	114.8	148.1	-2,889	-1,888	+1,108	100.0	51.71

FINANCIAL - Money supply M1, M2 and M3 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M2 %	Bank lending %	BS lending %	Consumer credit %	Base rate %
2nd qtr.	7.7	7.4	22.7	+15,740	4,822	+1,822	11.00
3rd qtr.	7.7	7.4	22.7	+15,740	4,822	+1,822	11.00
4th qtr.	7.7	7.4	22.7	+15,740	4,822	+1,822	11.00
1988	7.8	7.8	23.9	+15,144	4,228	+1,428	10.00
1st qtr.	7.8	7.8	23.9	+15,144	4,228	+1,428	10.00
2nd qtr.	7.8	7.8	23.9	+15,144	4,228	+1,428	10.00
3rd qtr.	7.7	7.7	23.9	+15,144	4,228	+1,428	10.00
4th qtr.	7.7	7.7	23.9	+15,144	4,228	+1,428	10.00





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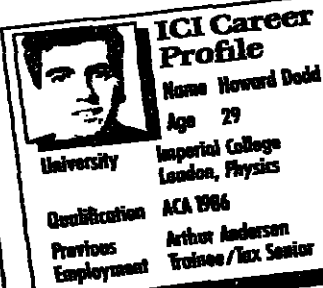
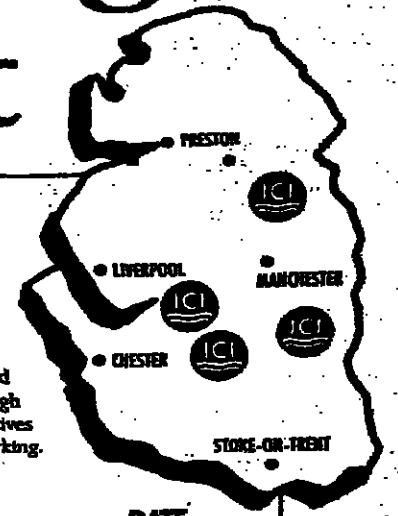
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**ICI Career Profile**  
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Qualification ACA 1986  
Previous Employment Arthur Anderson Tritone/lex Senior

(c) Gained extensive experience in use of computer modelling techniques.

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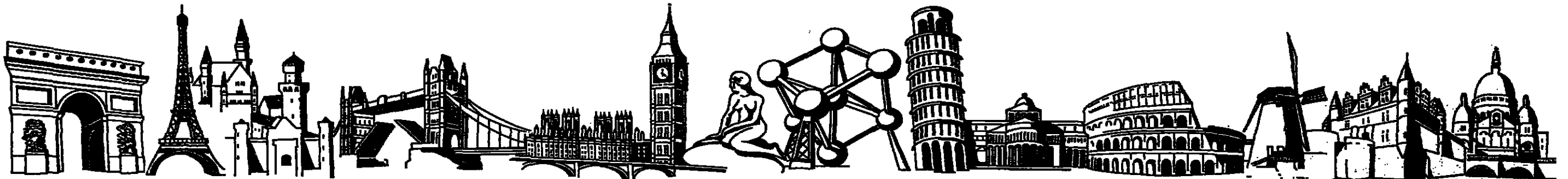
Visiting partners and others with recent experience of working in Europe will be on hand - over refreshments - to answer all your questions on available work, salaries, terms and conditions, relocation, lifestyle and prospects for the future.

So, to reserve your place, please write or telephone Barry Compton or Vanda Munden by Wednesday March 15.

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BUSINESS LAW

# The assumed role of a shadow director

By Barry Donnelly and Martin Piers

The concept of shadow directorship has changed to such an extent that Britain's largest clearing bank is the unfortunate defendant in litigation based upon an interpretation of the concept which is far removed from what was originally intended. Not only directors, but also shadow directors, now face the daunting prospect of personal liability to contribute to the assets of a company. They may also be disqualified from involvement in the promotion, formation or management of companies.

The expression "shadow director" first appeared in section 68 of the Companies Act 1985, but the fundamental concept and its definition dates back as far as 1917. Most recently it has been redefined in s.741(2) of the Companies Act 1985 and s.22(5) of the Company Directors Disqualification Act 1986, and means a person in accordance with whose directions and instructions the directors of a company are accustomed to act but excluding those advising them in a professional capacity.

As they possess no legal powers or rights, "shadow directors" are not real directors at all. However, should their effective influence and control be established, they face very similar potential liabilities to those of their real counterparts. The concept covers such situations where, for example, puppet boards are established to execute the decisions of the controlling influence behind the scenes.

The importance of the concept of shadow directorship can be best judged by reference to the draconian remedies introduced by the recent insolvency legislation. Redundant trading, which has been lurking around for quite some while, has seldom been effective in dealing with recalcitrant directors and their shadows, but "wrongful trading", its younger brother, is beginning to make a bigger impact. Legislators who find evidence of serious mismanagement are now more likely to point the finger at those really responsible for running companies. Most cases, however, actually settle fairly quickly, liquidators being more interested in cash for the creditors than in creating legal precedent.

Notwithstanding the exception for professional advice, banks now form an obvious target for personal liability as perhaps the only party around in a liquidation to be worth powder and shot. The shadow director test may never have been intended to cover outside parties such as banks, but the broad statutory definition can be interpreted as encompassing banks, where companies' boards eventually and sometimes inevitably act upon their "instructions". This is the reason why most banks are concerned about their position when imposing conditions on the continuation or extension of overdraft or other loan facilities.

How far can they go, without falling into the trap of "instructing" the company with the resulting exposure of the bank to personal liability and disqualification? This concern has been heightened by the decision of Mr Justice Knox in the case of M.C. Bacon Limited which issued a debenture in favour of the National Westminster Bank plc.

Having granted fixed and floating charges to NatWest, the company went into creditors voluntary liquidation. The liquidator alleged that the bank had sufficient information to know that the company was insolvent before it took the debenture and claimed not only that that debenture was a preference but also that the bank was liable for wrongful trading under section 214 of the Insolvency Act 1986 in that the directors had implemented the recommendations made by WestWest's Financial Services section, making the bank a possible shadow director.

Mr Justice Knox held that it was arguable that the bank had acted as a shadow director of the company; it was managed in accordance with the bank's recommendations, in order to avoid the bank appointing an administrative receiver. Although this decision is being appealed, it indicates the potential liability of persons who were previously considered to be outside the category of persons to whom

the shadow director test applied.

A bank has a contractual relationship with its customer. When the customer requires loan facilities, such as working overdraft, any prudent banker will insist upon certain conditions. When a company is extremely indebted to its bank it may be unable to arrange for alternative credit and is thus dependant upon its existing bank. In such a situation the company may have little choice but to accept any reasonable conditions imposed by its bankers. This may lead a judge to conclude that the board of directors was "accustomed to act in accordance with directions or instructions" of the bank.

The question therefore is whether, and whether, it can be said that the terms or conditions imposed by a bank constitute directions or instructions. If the conditions imposed by the bank are found to have also been in the nature of directions, then statutory liability for wrongful trading and disqualification may ensue from the mere exercise by the bank of its contractual rights. If this view is correct then there are serious consequences for banks and their customers, and for the business community as a whole. The clearing banks would have to change their practice to avoid assuming the status of shadow directors and, in the case of the customer's insolvency, the obligation to contribute towards its corporate assets.

After the decision of Mr Justice Knox this is a distinct possibility. The effect of a disqualification order could be catastrophic for a bank, prohibiting participation in the promotion, formation or management of any company, even indirectly. This would necessarily substantially restrict a bank's ability to deal with its customers.

From the point of view of the corporate customers of a bank, the most likely and serious consequence would be an unwillingness of the bank to extend further credit to ailing customers and a tendency to premature and unnecessary appointment of receivers. The creditors of insolvent companies would welcome banks being found to have acted as shadow directors because of the possible contributions to the assets available to the liquidator for distribution.

In Germany banks face an analogous problem. If they participate in their customer company, possibly through an equity stake of a subsidiary, they risk being found to be "partners" with the consequent avoidance of any security which they may hold in respect of monies advanced after that participation to a company with a liquidity problem. Whether to avoid being partners in Germany, or shadow directors in this country, banks must exercise extreme care when dealing with customers in financial difficulties.

In our view finding banks to be shadow directors would be wholly impractical. Nor do we think that it was intended by Parliament, or should be initiated by the courts. The concept was never designed to be applicable to complete outsiders such as banks, but was aimed instead at those immediately concerned with the day-to-day management who had chosen not to accept appointments to the board.

Nevertheless the question remains uncertain, the more so as a special immunity was provided in the statute for those giving professional advice. If only "insiders" were at risk, such immunity might be thought to be unnecessary. Such explicit immunity clause may have resulted of course, from pressure exerted by professional bodies to put the issue beyond argument, but English judges do not take legislative history into account.

While the individual officers of the banks may well be covered by the more popular directors and officers insurance, it is more questionable whether banks themselves carry cover for this risk as part of their normal portfolio of insurance. If Mr Justice Knox's judgment is confirmed on appeal, they may well start looking for such cover.

Barry Donnelly is a barrister and Martin Piers is a partner with Goulsons, City Solicitors.

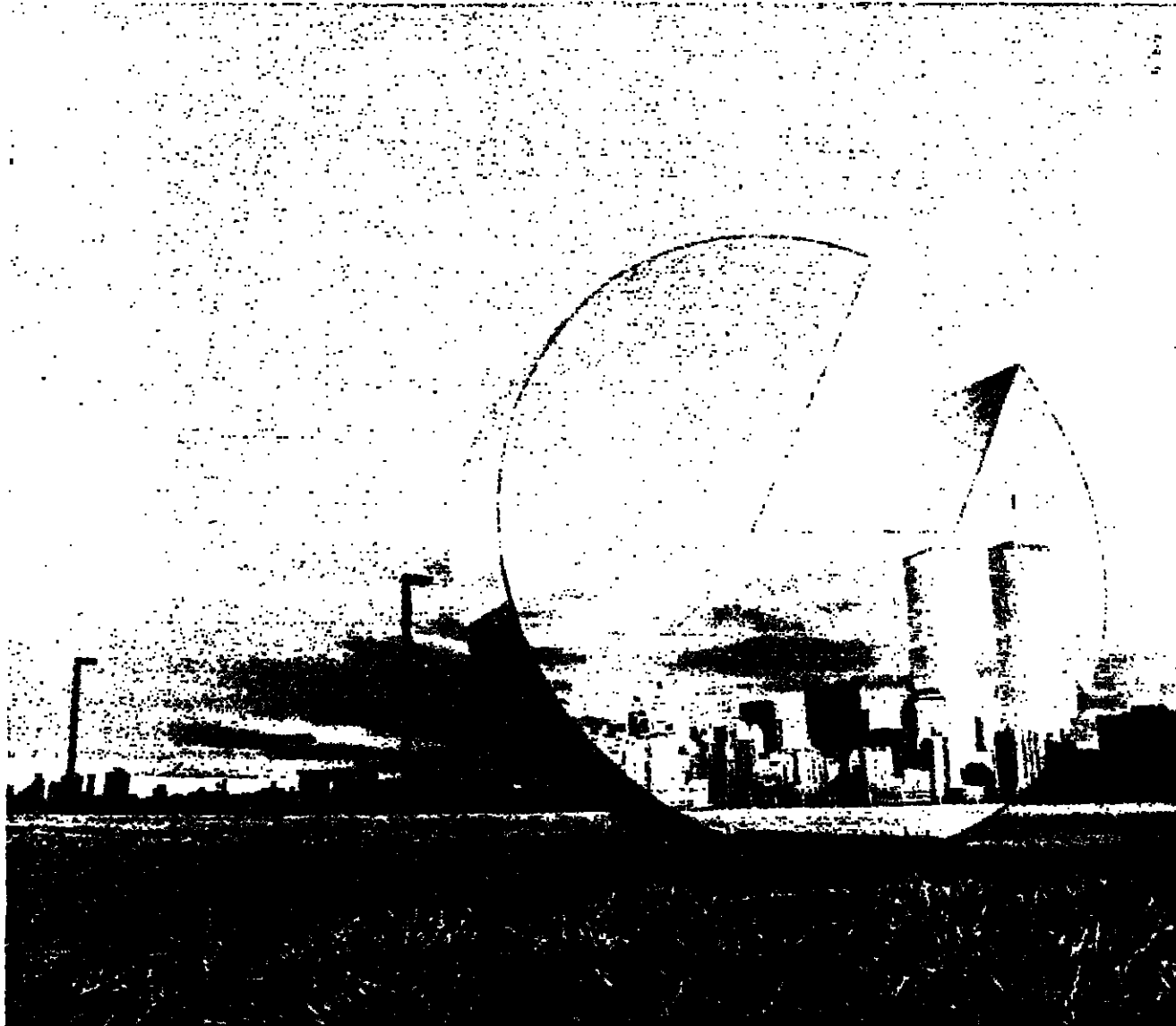


Illustration from New Jersey

## No foreign market can be tapped from afar. Let's start at the heart.

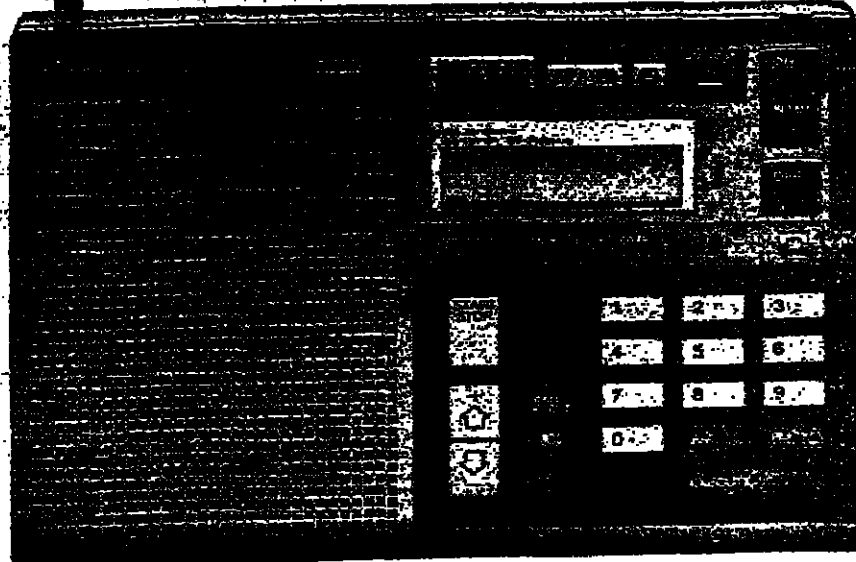
Without actually being on the scene, not even the astute observer of distant markets can always differentiate between cause and effect. In-depth insights into market dynamics evolve only from an active on-site presence.

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COMMODITIES AND AGRICULTURE

Negotiated sale sought for nickel mine

By Richard Gourlay in Manila

THE PHILIPPINES Government is now seeking a negotiated sale for the Nonoc Mining and Industrial Corporation, after two public tenders earlier this year failed to result in an acceptable bid for the mothballed, 63m lb-a-year nickel refinery and mine.

Interests and Mr Jesus Cabarras, the 79-year-old former owner of Nonoc, who is claiming in court that government banks foreclosed illegally in 1983.

Unrest slows Philippines gold rush

Richard Gourlay examines the problems faced by foreign miners

BANAHAW MINING Corporation's Southern Philippines base looks more like a military command post than a publicly quoted Australian company would wish just two months before a \$15m, 500-tonne-a-day gold ore refinery is scheduled to come into operation.

totally unrelated to mining. Banahaw's mine and refinery are in an area where the guerrillas operate with a degree of impunity, because of the military's lack of mobility, and with close guerrilla communication with stolen hand radios after the raid they told Banahaw they wanted to foster

Following an attack last month when communist guerrillas shot dead five employees, swathes of trees have been cut down to clear lines of fire and new perimeter fences and the army has supplied the company with two extra platoons and armed vigilantes.

as part of the "frontier sermons" by the Chamber of Mines is that Philippine legislators' inexperience with mining is also frightening foreign investors.

"Eastern Mindanao is on the Rim of Fire and has to become one of the great world gold producing areas," said Heshion, Banahaw's chairman, referring to the Pacific's volcanic chain that geologists believe holds rich epithermal gold deposits.

Examples include a small scale miners' bill, which was eventually dropped, but would have effectively allowed mining on public lands. Another bill, also aborted, would have slapped a 10 per cent municipality tax on mine incomes.

"But we have come into one of the worst insurgency areas," Banahaw, a subsidiary of Muswellbrook Energy and Minerals, in which Australian businessman Mr Kerry Packer has an interest, is being watched closely by a dozen or so prospectors - mainly Australian - who are now seriously interested in the Philippines.

"I am not sure the Philippines has worked out if it really wants foreign investment or not. . . There is still a strong nationalistic tendency that says these are our reserves and we want to keep them for ourselves"

"economic instability" in the region and no "foreign capitalists". To counter this, Banahaw has stepped up its efforts to try to win the support of local communities with livelihood programmes. And the company is trying to hire social workers previously employed by a large Australian aid programme to operate in an area of strong rebel activity.

Other countries, specifically in allowing companies to retain prospects for more than six years only if they are working them. Some analysts say it will take time before the Philippines' potential becomes more than just that. Banahaw's rapid expansion, already remarkably rapid, will be watched eagerly.

Then there are the small scale miners, of which there are 270 estimated to be more than 200,000 throughout the country, who move on and off leased properties. Consolidated Goldfields analyst, Mr George Milling-Stanley, estimates that these so-called "high-graders" probably produced 15 tonnes, or almost 40 per cent of the country's 39.5 tonnes of gold in 1987.

Officials say that teething problems are an inevitable in a relatively new industry as optimism is in a gold prospect. They point out that a mining code now emerging after some false starts will bring the Philippines broadly into line with other countries, specifically in allowing companies to retain prospects for more than six years only if they are working them.

When Mr Gareth Evans, the Australian Foreign Minister asked President Aquino to consider better security for Australian investors during a visit soon after the attack, it only served to sharpen the focus of attention on the area.

If it fails to live up to expectations, the reservations about operating near communist rebels may be strengthened, but the underlying optimism is unlikely to suffer. The Philippines is far more densely mineralised than Australia, the tonnages are bigger and the terrain is largely unexplored. The place is wide open.

Despite the attack Banahaw expects that by May it will be able to start processing the 1m tonnes of ore - with a grade of 7.4 grams per tonne - that it says it has initially located. The company says it could expand throughput rapidly to full capacity of 1,000 tonnes a day.

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Norway and Sweden study gas supply deal

By Karen Fosell in Oslo

THE ENERGY Ministers of Norway and Sweden, respectively Mr Arne Oeien and Mrs Birgitta Dahl, said yesterday that they are seeking to sign an agreement in principle by July which calls for Norway to supply Sweden initially with 1bn cubic metres of natural gas annually from 1992 or 1993, increasing to 2.5 bn m<sup>3</sup> a year by the turn of the century.

Brussels agricultural lobby ploughing stonier ground

Tim Dickson on the declining influence of the once all-conquering farmers' trade union

AS 30th birthday parties go it was a jolly enough and remarkably well attended "do". But in the same way that individuals who reach their landmark suddenly realise that their youth is slipping away, so member groups of Copa, the European Community farm lobbying organisation, may have pondered at their anniversary celebrations in Brussels last week on the inevitably diminishing influence of the once all-conquering representative group.

culture Minister. It was never quite that easy, of course, but what is undeniable is the harsher negotiating environment that will face Copa over the next 30 years. Gone is the old almost unthinking acceptance in Brussels of the Common Agricultural Policy as the heart of community ideology, in has come a new world of surplus production, budgetary restrictions, international responsibilities and the more exciting, but far more complex, barrier-free internal market.

Copa - the initials stand for Comité des Organisations Professionnelles Agricoles - is one of the biggest trade unions in Europe, bringing together under one roof the interests of more than 30 national farm lobbies and safeguarding the interests of more than 10m European farmers and their families throughout the member states. Although little known in Britain, despite the active affiliation of the National Farmers Union, it remains a byword in the Community for effective promotion of the farmer's cause.

Assessing Copa's direct influence in Brussels (as with any lobbying organisation) is almost impossible - but suffice it to say that through its formal participation on agricultural committees, the twice yearly meetings between the European Commission and the Copa "Præsidium" (the next one with the Agriculture Commissioner Mr Ray MacSharry being tomorrow), and Copa's wide range of contacts, it remains considerable.

Sweden is seeking alternative energy supplies to help achieve its aim of phasing out nuclear energy by 2010. The Social Democratic Government in Stockholm currently has plans to close two of its 12 nuclear plants by 1995. The total market for Swedish gas is estimated at 5bn m<sup>3</sup> a year, the remaining 2.5bn m<sup>3</sup> is likely to be supplied by the Soviet Union, via Finland, and by Denmark.

With a budget of around BFR 100m (\$1.5m), and 44 permanent staff, it organises roughly 250 meetings a year covering every subject from cereals, sugar beet, hops and honey to taxation and structural reform. If the oldest Brussels lobby of the lot is not quite so pervasive as it was, this can perhaps best be explained by the fact that other policies have now taken top priority, and because the new agricultural policy has to take into account social, environmental, regional and broader rural issues.

The Danish pipeline would have to be connected by a spur line to an existing Norwegian pipeline which is currently used to supply 25bn m<sup>3</sup> of gas annually to a consortium of buyers on the Continent.

More generally Copa (and its sister organisation Copeca, which represents agricultural co-operatives) is split between those like the Italians and the French who tend to adopt a "Scargillite" approach of defending farm incomes and the basic canons of the CAP, and the more pragmatic members, like the British, Irish and Dutch farm unions, who

Brazil suspends sugar contract

By John Barnham in Sao Paulo

BRASIL'S SUGAR and Alcohol Institute (IAA) has suspended a 300,000-tonne sugar export contract with Portugal, Bulgaria and Czechoslovakia.

shipment. The sugar was to have been exported by May. Mr Araipe Serpa, the IAA president, rejected the accusation.

The IAA, which oversees Brazil's sugar and alcohol industry, said it cancelled the sale, the first major shipment this year, because world prices had fallen below the contract level last month. Each of the three countries were to have bought 100,000 tonnes of refined sugar.

The Institute's sudden volte face follows similar problems at its sister organisation, the Brazilian Coffee Institute (IBC), which regulates the coffee sector.

The proposal being debated in the Nordic Council today is based on a report compiled by representatives from Norway, Denmark, Sweden, Finland and the Netherlands, the Swedish gas distribution company, and Neste Gas, the Finnish gas distribution company.

Reports claimed that the exports would have caused a US\$7.2m loss to the IAA. Under the original contract, half the sugar would be sold at a fixed price of \$285 a tonne and half at the Brazil spot market price prevailing 30 days before

said his predecessors at the IAA had committed Brazil to exporting as much as 3m tonnes of sugar over the coming four years at fixed prices. The potential losses are put at \$175m. The IAA, the industry Ministry and sugar producers have been lobbying the Government to replace the IAA's protective monopoly with a new mechanism to shield them from future price collapses. The IAA's closure was first mooted three years ago and it was to have lost its export monopoly last June. However, the sugar industry has formidable political clout and has always succeeded in staving off change.

WORLD COMMODITIES PRICES

LONDON MARKETS

COFFEE prices rose sharply yesterday, although the market closed off the highs after profit-taking and a partial sterling rally in the afternoon. The tightness of supplies of coffee for nearby delivery and the overall weakness of the pound pushed the May robusta contract to \$1,152 a tonne, up 25c. Dealers said the market appeared to be making a belated response to the late shipments of quality African robustas. The possibility of another international coffee organisation export quota next week would only worsen the problem, they said. On the LME copper prices rose sharply in the afternoon following renewed strength on Comex, which prompted arbitrage buying in London. Three-month metal closed at \$1,759.50, or \$3.010 a tonne. The sudden change in sentiment now points to a test of the denser area of resistance around \$3,100 a tonne, analysts said.

SPOT MARKETS

Table with columns for Commodity, Price, and Change. Includes items like Dural, Brent Blend, W.T.I. (1st end), Oil products, Premium Gasoline, Gas Oil, Heavy Fuel Oil, Naphtha, Petroleum Argus Estimates, Gold, Silver, Platinum, Palladium, Aluminium, Copper, Lead, Nickel, Tin, Zinc, London daily sugar, London daily sugar (white), Sugar (white), Soften (US 3 year), Wheat (US Dark Northern), Rubber (Latex), Rubber (RSS No 1 Apr), Coconut oil, Palm Oil, Copra, Soyabean, Cotton, Wool.

COCOA \$/tonne

Table with columns for Close, Previous, High/Low. Includes Mar, May, Jul, Sep, Nov, Dec, Turnover.

COFFEE \$/tonne

Table with columns for Commodity, Close, Previous, High/Low. Includes Mar, May, Jul, Sep, Nov, Dec, Turnover.

SUGAR \$/tonne

Table with columns for Commodity, Close, Previous, High/Low. Includes Mar, May, Jul, Sep, Nov, Dec, Turnover.

LONDON METAL EXCHANGE TRADED OPTIONS

Table with columns for Commodity, Close, Previous, High/Low. Includes Aluminium, Copper, Lead, Nickel, Tin, Zinc.

LONDON METAL EXCHANGE (Price supplied by Amalgamated Metal Trading)

Table with columns for Commodity, Close, Previous, High/Low, Price Official, Ring turnover. Includes Aluminium, Cash, 3 months, Copper, Cash, 3 months, Silver, Lead, Cash, 3 months, Zinc, Cash, 3 months.

POTATOES \$/tonne

Table with columns for Commodity, Close, Previous, High/Low. Includes Mar, May, Jul, Sep, Nov, Dec, Turnover.

SOYABEAN MEAL \$/tonne

Table with columns for Commodity, Close, Previous, High/Low. Includes Mar, May, Jul, Sep, Nov, Dec, Turnover.

LONDON BULLION MARKET

Table with columns for Commodity, Price, and Change. Includes Gold, Silver, Platinum, Palladium, Copper, Lead, Nickel, Tin, Zinc.

CRUDE OIL \$/barrel

Table with columns for Commodity, Close, Previous, High/Low. Includes Mar, May, Jul, Sep, Nov, Dec, Turnover.

US MARKETS

IN THE METALS, gold prices fell 330 basis April on fresh commodity house selling, reports Drexel Burnham Lambert. A strong dollar and lack of buying throughout the day kept the bearish tone. Platinum futures were also lower on stop loss selling. Silver sold off to new contract lows following the gold and platinum decline. Rumors of a Peruvian copper strike in late March ruffled the copper market. In the softs, commission houses and trade groups were active sellers in the cocoa market. Buy stops and some short covering pushed coffee futures higher. In livestock trading, expectations of seasonal strength and the unwinding of long live cattle and short hog spreads gave support to the hog futures. Cattle markets were soft due to technical weakness as well as light packer demand in the cash markets. The rise in energy prices was primarily due to a boost in the cash market. Higher cash prices were attributed to the release of Tuesday's API report which showed commission house selling weakened the soy complex.

New York

Table with columns for Commodity, Close, Previous, High/Low. Includes Gold, Silver, Platinum, Palladium, Copper, Lead, Nickel, Tin, Zinc.

COPPER 25,000 lbs; cents/lb

Table with columns for Commodity, Close, Previous, High/Low. Includes Mar, May, Jul, Sep, Nov, Dec, Turnover.

CRUDE OIL (Light 150 US gal) \$/barrel

Table with columns for Commodity, Close, Previous, High/Low. Includes Mar, May, Jul, Sep, Nov, Dec, Turnover.

HEATING OIL 42,000 US gal; cents/US gal

Table with columns for Commodity, Close, Previous, High/Low. Includes Mar, May, Jul, Sep, Nov, Dec, Turnover.

GODDARD 10 tonnes/\$tonne

Table with columns for Commodity, Close, Previous, High/Low. Includes Mar, May, Jul, Sep, Nov, Dec, Turnover.

Chicago

Table with columns for Commodity, Close, Previous, High/Low. Includes Soyabean Meal, Soyabean Oil, Wheat, Corn, Soyabean Meal, Soyabean Oil, Wheat, Corn.

WHEAT 5,000 bu; cents/bu

Table with columns for Commodity, Close, Previous, High/Low. Includes Mar, May, Jul, Sep, Nov, Dec, Turnover.

LIVE CATTLE 40,000 lbs; cents/lb

Table with columns for Commodity, Close, Previous, High/Low. Includes Mar, May, Jul, Sep, Nov, Dec, Turnover.

LIVE HOGS 50,000 lbs; cents/lb

Table with columns for Commodity, Close, Previous, High/Low. Includes Mar, May, Jul, Sep, Nov, Dec, Turnover.

LIVE HOGS 50,000 lbs; cents/lb

Table with columns for Commodity, Close, Previous, High/Low. Includes Mar, May, Jul, Sep, Nov, Dec, Turnover.

choice 1/2



Trade deficit fails to upset equities

A CONFUSING, but broadly favourable response to the UK January trade figures...

The FT-SE index closed 18.9 points up at 2821.3. Seaq volume jumped to 534.4m from Tuesday's 357.8m shares.

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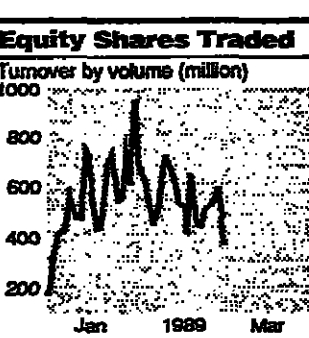
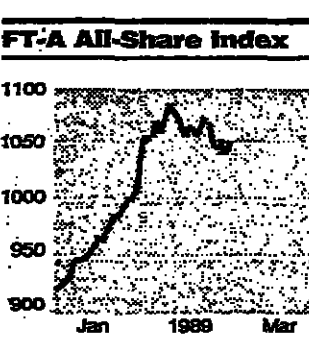
le on the currency front. Any further pressures on sterling will be tackled by intervention in the foreign exchange markets rather than by interest rate changes, he believes.

FINANCIAL TIMES STOCK INDICES table with columns for Mar, Feb, Jan, Year, High, Low, and Since Completion.

SE ACTIVITY table with columns for Indices, Feb 28, Feb 27, and other metrics.

Goldman move hits retailer

The decision by Goldman Sachs, the US securities house, to stop making a market in Storehouse's own shares...



tributor MUK failed to come to fruition, about £1.5m will be wiped from profits by the new UK accounting rules on pension liabilities...

Speculation began to mount yesterday of Sir Ron Brierley staging another attempt to acquire Ocean Transport now that it has disposed of Elder Dempster...

Volatile Enterprise

Enterprise Oil shares seen as having a 2569m rights issue to help finance the acquisition of the overseas assets of US energy group Texas Eastern for \$1.2bn.

Ocean exposed

Speculation began to mount yesterday of Sir Ron Brierley staging another attempt to acquire Ocean Transport now that it has disposed of Elder Dempster...

Salvesen down

Diversified food processing, storage and distribution group Christian Salvesen fell sharply against the market on the news that its own brokers, Hoare Govett, has downgraded its profits forecast by 22m to 222m for year-end March 1989.

NEW HIGHS AND LOWS FOR 1988/89

Table listing new highs and lows for various stocks in 1988/89, including British Telecom, BT, and others.

ing publication of the Ofgas annual report.

Widespread falls on news of the trade figures produced a backwash in Beecham shares. But they closed 15 ahead at 580p amid talk that a top securities house was having trouble covering its position in the options market.

Bankers made rapid progress with NatWest well supported and finally 11 higher at 557p.

Commercial Union's preliminary figures caused little excitement - the shares were barely changed at 365p while those from General Accident saw the shares up to 93p at one point before a close of 7 higher on balance at 836p.

soon to flush out the unknown presence on its share register.

Delagety closed 8 firmer at 364p on turnover of 1.8m shares. Several items boosted British Aerospace which climbed 21 to 629p.

Strong suggestions of a second stakeholder added speed to talk of a bid for BSG (up 6% at 83 1/2p) from Cowie (a penny easier at 129p).

Cable & Wireless posted a 13 rise to 457p on 4.2m after a report that Sprint Communications, a US company, is negotiating to buy PTAT. C&W's partner in the PTAT-1 transatlantic fibre-optics cable scheduled to go into service this summer.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks, including British Telecom, BT, and others.

has a near 30 per cent stake in Thames TV could be considering selling its holding.

Thames TV could be considering selling its holding. Thames shares closed only 3 up at 499p. Traders noted that much of the support for the stock in recent days has come from small brokers and that there has been a marked absence of attempted profit-taking.

Dealing in traded options showed a recovery from recent low levels, to reach 40,385 contracts, made up of 24,771 call contracts and 15,614 put.

Dealing in traded options showed a recovery from recent low levels, to reach 40,385 contracts, made up of 24,771 call contracts and 15,614 put. There was little activity by the lately established standards, however. Index trading again caught the share of dealings, on 7,107 calls and 6,910 puts.

What are your chances of making a million this year?

We all like to gamble now and then. Especially if our chances of winning are high. Even better when the prizes are high too.

Better still, when you can become a millionaire overnight!

With the Northwest German State Lottery, you can do just that. This season's lottery pays out a grand total of almost ONE QUARTER BILLION GERMAN MARKS IN PRIZEMONEY, 241,435,000 DM, to be exact.

But ticket sales are limited to only 700,000. Which means that almost 40% of participating tickets are winners. But that's not all. During the 26 lottery weeks, there are 22 prizes of 1 million Marks, 2 of 2 million Marks and in the final weeks, two super prizes of THREE MILLION GERMAN MARKS.

That's the equivalent of almost a million pounds sterling and over a million and a quarter US dollars. The lottery and the prizes are 100% guaranteed by the German government, who by the way does not impose tax on lottery winnings. I'll pay you your prize money, in any currency, one lump sum and in the strictest confidence.

The next lottery starts on March 31st, so why not order your tickets today? 1989 could well be the year you become a millionaire.

CHRISTIAN SCHIPPMANN Official Agent of NORTHWEST GERMAN STATE LOTTERY P.O. Box 60 16 29, 2000 Hamburg 60, West Germany

Form for ordering lottery tickets, including fields for number of tickets, currency, and contact information.

Broking restructure at Minet

MINET HOLDINGS has restructured its broking operation. Mr C.W. Keay, joint group deputy chairman, now has corporate responsibility for Minet Insurance Brokers, J.E. Minet & Co. and Minet Canada.



Mr Setichi Higuchi (above) has been appointed Japan corporate finance director at Midland Montagu in London. He will be responsible for managing business relationships with Japanese corporations on a global basis.

responsibilities for the North American operations of Smith & Nephew.

Mr Eddie Thomas has been appointed managing director of WIDNEY EUROCRRAFT, Birmingham.

Mr Lars Evander has been appointed an executive vice president of SVENSKA HANDELSBANKEN, Stockholm. He remains chief executive of subsidiary Svenska Handelsbanken U.K., London.

Mr Alan Trull, a former Lord Mayor of London, and a Lloyds broker, has been appointed to the board of SALTIRE INSURANCE INVESTMENTS, Edinburgh.

Mr Ron Williams has been appointed a non-executive director of GROSS HILL PROPERTIES on his retirement as a deputy director, West End region, National Westminster Bank.

Mr Andrew Biancardi, managing director (export), Multivox Communications Systems, and Mr Helmut Moonen, managing director, Multivox Elektronik, West Germany, have been promoted to the main board of MULTITONE ELECTRONICS.

Mr Thomas Holtrop has been appointed vice president, public affairs and communications for AMERICAN EXPRESS travel related services, London. He



THE SAVOY HOTEL has appointed Mrs Charles Price (above) as a director. She is the wife of the recently retired US Ambassador in London.

was managing director of German advertising agency, Springer and Jacoby.

Mr Alan Schofield, finance director of Charles Berker Services, becomes finance director of CHARLES BARKER, from April 3. He succeeds Mr Ian Butcher who is leaving the group to take another post.

Mr Malcolm Hughes, finance director of the Roevin Group, has been promoted to group financial controller of the parent company DOCTUS.

Mr Alan Dawson has joined TOYOTA (GB), Redhill, as personnel director.



FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-225-2128

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abnott Unit Trust, and others, including their respective managers and details.

Table listing unit trusts including Abnott Unit Trust, Abnott Unit Trust, and others, with columns for name, manager, and other details.

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GUIDE TO UNIT TRUST PRICING. A section explaining the pricing of unit trusts, including how to calculate the net asset value and the effect of charges.

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FT UNIT TRUST INFORMATION SERVICE

FT UNIT TRUST INFORMATION SERVICE

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Main table containing unit trust information for various companies including City of Edinburgh Life Assurance, City of Westminster Assurance Co, and others. Columns include company name, unit price, and other financial details.

INSURANCES

Table listing insurance companies and their products, including AX Priority Society, Abbey Life Assurance Co Ltd, and others. Columns include company name, product type, and contact information.

Continued on next page



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Company Name	Code	Price	Change	Company Name	Code	Price	Change
Power Mutual Insurance Co Ltd	01-000001	100.00	0.00	Switzerland (SIS RECOGNISED)	01-000001	100.00	0.00
Prudential Assurance Co Ltd	01-000002	100.00	0.00	Bermuda Authorised	01-000002	100.00	0.00
Scottish Amicable	01-000003	100.00	0.00	Guernsey (**)	01-000003	100.00	0.00
Shantala Life Assurance Co Ltd	01-000004	100.00	0.00	Jersey (**)	01-000004	100.00	0.00
Teachers' Assurance Company Ltd	01-000005	100.00	0.00	MANAGEMENT SERVICES	01-000005	100.00	0.00
Timbridge Wells Equitable	01-000006	100.00	0.00	OFFSHORE AND OVERSEAS	01-000006	100.00	0.00
UK Life Assurance Co Ltd	01-000007	100.00	0.00	GUERNSEY (SIS RECOGNISED)	01-000007	100.00	0.00
Westons & General Assurance	01-000008	100.00	0.00	JERSEY (SIS RECOGNISED)	01-000008	100.00	0.00
Windsor Life Assurance Co Ltd	01-000009	100.00	0.00				
Windsor Life Assurance Co Ltd	01-000010	100.00	0.00				
Windsor Life Assurance Co Ltd	01-000011	100.00	0.00				
Windsor Life Assurance Co Ltd	01-000012	100.00	0.00				
Windsor Life Assurance Co Ltd	01-000013	100.00	0.00				
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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service listing various unit trusts, their performance, and details.

Table of London Share Service listing British Funds, Americans, and other investment vehicles.

Table of Money Market Trust Funds and Money Market Bank Accounts.



LONDON SHARE SERVICE

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CANADIANS table with columns for Stock, Price, Bid, Offer, and PE ratio. Includes companies like Alcan, Inco, and Noranda.

BUILDING, TIMBER, ROADS Contd table with columns for Stock, Price, Bid, Offer, and PE ratio. Includes companies like Bovis Lend Lease and Bovis Lend Lease PLC.

ELECTRICALS table with columns for Stock, Price, Bid, Offer, and PE ratio. Includes companies like British Energy and British Nuclear Fuels.

ENGINEERING - Contd table with columns for Stock, Price, Bid, Offer, and PE ratio. Includes companies like BAE Systems and British Aerospace.

INDUSTRIALS (Miscel.) - Contd table with columns for Stock, Price, Bid, Offer, and PE ratio. Includes companies like British Airways and British Telecom.

INDUSTRIALS (Miscel.) - Contd table with columns for Stock, Price, Bid, Offer, and PE ratio. Includes companies like British Airways and British Telecom.

BANKS, HP & LEASING table with columns for Stock, Price, Bid, Offer, and PE ratio. Includes companies like Abbey National and Bank of Scotland.

CHEMICALS, PLASTICS table with columns for Stock, Price, Bid, Offer, and PE ratio. Includes companies like ICI and British Petroleum.

FOOD, GROCERIES, ETC table with columns for Stock, Price, Bid, Offer, and PE ratio. Includes companies like Asda and Sainsbury.

INDUSTRIALS (Miscel.) - Contd table with columns for Stock, Price, Bid, Offer, and PE ratio. Includes companies like British Airways and British Telecom.

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INDUSTRIALS (Miscel.) - Contd table with columns for Stock, Price, Bid, Offer, and PE ratio. Includes companies like British Airways and British Telecom.

BEERS, WINES & SPIRITS table with columns for Stock, Price, Bid, Offer, and PE ratio. Includes companies like Carlsberg and Heineken.

DRAPERY AND STORES table with columns for Stock, Price, Bid, Offer, and PE ratio. Includes companies like Debenhams and Debenhams PLC.

INDUSTRIALS (Miscel.) - Contd table with columns for Stock, Price, Bid, Offer, and PE ratio. Includes companies like British Airways and British Telecom.

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BUILDING, TIMBER, ROADS table with columns for Stock, Price, Bid, Offer, and PE ratio. Includes companies like Bovis Lend Lease and Bovis Lend Lease PLC.

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INDUSTRIALS (Miscel.) table with columns for Stock, Price, Bid, Offer, and PE ratio. Includes companies like British Airways and British Telecom.

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INSURANCES table with columns for Stock, Price, Bid, Offer, and PE ratio. Includes companies like Aviva and Aviva PLC.

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قائمة الاسهم

LONDON SHARE SERVICE

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LEISURE - Contd

Table of Leisure companies including Leisure Group, Leisure Leisure, Leisure Leisure, etc.

PROPERTY

Table of Property companies including Property Property, Property Property, etc.

TEXTILES - Contd

Table of Textiles companies including Textiles Textiles, Textiles Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of Trusts, Finance, Land companies including Trusts Trusts, Finance Finance, etc.

OIL AND GAS - Contd

Table of Oil and Gas companies including Oil Oil, Gas Gas, etc.

MINES - Contd

Table of Mines companies including Mines Mines, Mines Mines, etc.

MOTORS, AIRCRAFT TRADES

Table of Motors, Aircraft Trades companies including Motors Motors, Aircraft Aircraft, etc.

TOBACCO

Table of Tobacco companies including Tobacco Tobacco, Tobacco Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, Land companies including Trusts Trusts, Finance Finance, etc.

OVERSEAS TRADERS

Table of Overseas Traders companies including Overseas Overseas, Traders Traders, etc.

PLANTATIONS

Table of Plantations companies including Plantations Plantations, etc.

THIRD MARKET

Table of Third Market companies including Third Market Third Market, etc.

NEWSPAPERS, PUBLISHERS

Table of Newspapers, Publishers companies including Newspapers Newspapers, Publishers Publishers, etc.

PAPER, PRINTING, ADVERTISING

Table of Paper, Printing, Advertising companies including Paper Paper, Printing Printing, Advertising Advertising, etc.

SHIPPING

Table of Shipping companies including Shipping Shipping, Shipping Shipping, etc.

SHOES AND LEATHER

Table of Shoes and Leather companies including Shoes Shoes, Leather Leather, etc.

SOUTH AFRICANS

Table of South Africans companies including South Africans South Africans, etc.

TEXTILES

Table of Textiles companies including Textiles Textiles, Textiles Textiles, etc.

Finance, Land, etc

Table of Finance, Land, etc companies including Finance Finance, Land Land, etc.

OIL AND GAS

Table of Oil and Gas companies including Oil Oil, Gas Gas, etc.

MINES

Table of Mines companies including Mines Mines, Mines Mines, etc.

Central Rand

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Eastern Rand

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Far West Rand

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D.F.S.

Table of D.F.S. companies including D.F.S. D.F.S., etc.

Diamond and Platinum

Table of Diamond and Platinum companies including Diamond Diamond, Platinum Platinum, etc.

Central African

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Finance

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REGIONAL & IRISH STOCKS

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TRADITIONAL OPTIONS

Table of Traditional Options companies including Traditional Traditional, Options Options, etc.

IRISH

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PROPERTY

Table of Property companies including Property Property, Property Property, etc.

OILS

Table of Oils companies including Oils Oils, Oils Oils, etc.

MINES

Table of Mines companies including Mines Mines, Mines Mines, etc.

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £95 per annum for each security.



CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm as pound falls

A FIRM dollar and weak pound were the main features of the foreign exchanges yesterday. The dollar found strength from fading speculation of higher West German interest rates...

around DM3.1775, soon after the main features of the foreign exchanges were announced. Dealers detected further intervention in the afternoon, but it failed to prevent the pound falling to DM3.1650 at the close...

Y128.35 against the yen, but failed to break through technical resistance at Y128.40. It closed at Y128.10, against Y128.85 previously. Apart from worries about the political situation in Japan, the dollar was also supported by strong Japanese institutional demand...

This remains a possibility at today's Bundesbank council meeting, but the general view yesterday was that the odds are against an increase in German rates.

Confusion about whether German interest rates will be forced up today pushed the dollar through resistance at the dollar a further boost. Starting suffered from disappointment at the UK trade figures. The current account deficit of £1.7bn in January was worse than most City forecasts...

Against other major currencies the dollar rose to SF1.5675 from SF1.5555 and to FF6.2450 from FF6.2000. On Bank of England figures the dollar's index rose to 67.2 from 66.7.

EMS EUROPEAN CURRENCY UNIT RATES. Table with columns for Country, Currency, Unit, % change, % change adjusted for divergence, and Diversion %.

£ IN NEW YORK

Table with columns for Mar. 1, Latest, and Previous. Rows for 1 month, 3 months, and 6 months.

POUND SPOT-FORWARD AGAINST THE POUND

Table with columns for Mar. 1, Day's price, Close, One month, 3 months, 6 months, and 12 months.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table with columns for Mar. 1, Day's price, Close, One month, 3 months, 6 months, and 12 months.

CURRENCY RATES

Table with columns for Mar. 1, Bank rate, and Spot rate. Rows for Sterling, US Dollar, Canadian Dollar, etc.

STERLING INDEX

Table with columns for Mar. 1, Previous, and % change. Rows for 9.00 am, 11.00 am, 1.00 pm, etc.

EURO-CURRENCY INTEREST RATES

Table with columns for Mar. 1, Short term, 7 days notice, 1 month, 3 months, 6 months, and 12 months.

CURRENCY MOVEMENTS

Table with columns for Mar. 1, Bank of England, and % change. Rows for Sterling, US Dollar, etc.

EXCHANGE CROSS RATES

Table with columns for Mar. 1, £, DM, FF, SFr, Hfl, Lira, C\$, B\$. Rows for £/DM, £/FF, etc.

OTHER CURRENCIES

Table with columns for Mar. 1, £, DM, FF, SFr, Hfl, Lira, C\$, B\$. Rows for Argentina, Brazil, etc.

MONEY MARKETS

Further nervousness

THE INTEREST rate picture remained cloudy yesterday. The UK trade figures were disappointing, but not bad enough for the Bank of England to signal higher bank base rates.

The Bundesbank will not hold a press conference after today's meeting, but this is no guarantee that rates will not be raised. The result of this week's securities repurchase agreement tender was confusing.

LONDON interbank rates opened about 1/8 per cent lower and rose 1/4 per cent on the trade news. Three-month interbank finished at 13 1/2-13 3/4 per cent.

FT LONDON INTERBANK FIXING

Table with columns for 11.00 a.m. Mar. 1, 3 months US dollars, 6 months US dollars, 12 months US dollars.

MONEY RATES

Table with columns for Mar. 1, Overnight, One Month, Two Months, Three Months, Six Months, and Lending rate.

LONDON MONEY RATES

Table with columns for Mar. 1, Overnight, 7 days notice, One Month, Three Months, Six Months, and One Year.

FINANCIAL FUTURES

Rates paint confusing picture

GENERAL CONFUSION about the interest rates picture was well illustrated by trading in short sterling on Life yesterday. March delivery was slightly firmer, while the June contract weakened a little.

almost certain there will not be an early reduction. Traders were apprehensive of betting whether the next move in rates will be up or down, but if the next change turns out to be a cut this will obviously be much further in the future than any possible rise.

The current account deficit in January was not high enough to prompt an early rise in base rates. Dealers said the domestic situation does not appear to warrant higher rates, but the immediate trend is likely to be influenced by today's Bundesbank council meeting, and whether there is an increase in the West German Lombard rate.

LEFT-LINE GILT FUTURES OPTIONS. Table with columns for Strike, Call-Settlements, Put-Settlements, Price, and Volume.

LEFT US TREASURY FUTURE OPTIONS. Table with columns for Strike, Call-Settlements, Put-Settlements, Price, and Volume.

LEFT FT-SE INDEX FUTURE OPTIONS. Table with columns for Strike, Call-Settlements, Put-Settlements, Price, and Volume.

LEFT 4 1/2% OPTIONS. Table with columns for Strike, Call-Settlements, Put-Settlements, Price, and Volume.

LEFT EURO-DOLLAR OPTIONS. Table with columns for Strike, Call-Settlements, Put-Settlements, Price, and Volume.

LEFT SHIRT STEERING. Table with columns for Strike, Call-Settlements, Put-Settlements, Price, and Volume.

LEFT LIBOR 3M 1989. Table with columns for Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

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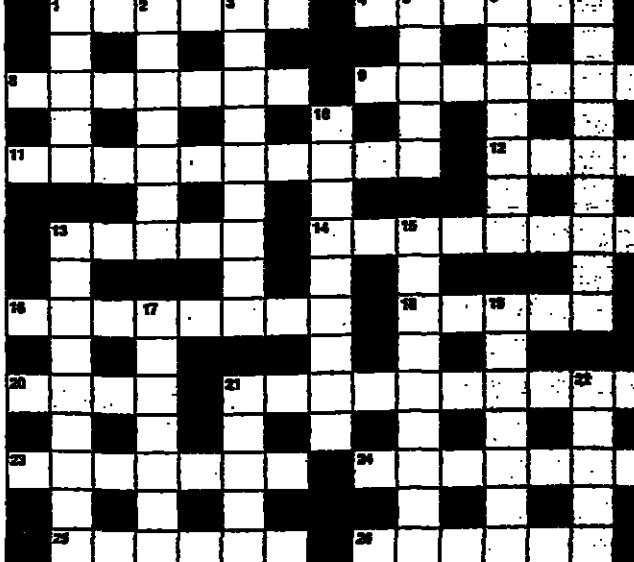
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CROSSWORD

No. 6,874 Set by CINEPHILE



Diagonally (downwards from left to right): 4, 20, 6 Saw cooking pots; bacon hotpot? Holy smoke! (3,4,5,5,3,5)

- ACROSS: 1 Draw dental characters without lengthy work (6); 4 Fly in the jet set, seemingly (6); 8 Verger with bag on wrist (point taken) (7); 9 Scooped at love among the groovy? (7); 11 George takes some fruit to lady student of the earth (10); 12 Sheep's words to shepherd in South Africa? (4); 13 Climb on fish (5); 14 Stiffness of dress: one's tarty tarty (8); 16 Worthless stone, without mistake (5); 18 Mad as a fruit-cake (5); 20 Lakeland saint? (4); 21 Religious person opposed to saint swallowing a bread roll (10); 23 Soldier who sounds like actor (7); 24 Cressida's suitor left distraught? (7); 25 Some Swedes save old Greek city (8); 26 Wood-eating insect with glitter (6); DOWN: 1 Doctor to copy cover (5); 2 Taster: city vegetable including one under the carpet (7); 3 A catcher's after-actress: they call (8); 5 Fly without number or system (5); 6 Dull sound conceals award being read, perhaps (7); 7 Lent Yale 1,000 dollars, possibly, with grace (8); 10 Maybe approaching finals tied Harry, unfortunately (6-4); 15 Stallion to mail maiden (in relation to clothes) (8); 16 Projecting tube used by north-eastern burglar (3,5); 17 It isn't funny to be without administrative officer with authority (8,4); 19 Tasty little things are restraints on a bird (7); 21 Hunt for arabout? (5); 22 Having a flavour of importance (5); Solution to Puzzle No. 6,873

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Handwritten word 'choice' in a box.



World Stock Markets

WORLD STOCK MARKETS

Australia stock market data table with columns for stock names, prices, and changes.

France stock market data table with columns for stock names, prices, and changes.

Germany stock market data table with columns for stock names, prices, and changes.

Italy stock market data table with columns for stock names, prices, and changes.

Switzerland stock market data table with columns for stock names, prices, and changes.

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Indices table with columns for market indices, values, and changes.

NEW YORK DOW JONES table with columns for market indices, values, and changes.

NEW YORK STOCKS table with columns for stock names, prices, and changes.

TOKYO - Most Active Stocks table with columns for stock names, prices, and changes.

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OVER-THE-COUNTER

Nasdaq national market. 3pm prices March 1

Table of NYSE Composite Prices listing various stocks with columns for High, Low, Stock, Chg., Vol., and Close. Includes a detailed explanatory note about the data and a small table of market statistics.

Table of Over-the-Counter prices listing various stocks with columns for Bid, Ask, Last, and Change. Includes a small table of market statistics.

AMEX COMPOSITE PRICES

4pm prices March 1

Table of AMEX Composite Prices listing various stocks with columns for High, Low, Stock, Chg., Vol., and Close.

Table of Over-the-Counter prices listing various stocks with columns for Bid, Ask, Last, and Change.

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FINANCIAL TIMES



**AMERICA**

**Uncertainty over inflation strips Dow's earlier gains**

**Wall Street**

THE CAUTIOUS stocks rally on the first two days of this week came to an end yesterday as pessimism about inflation and interest rates once again took hold, writes Janet Bush in New York.

The Dow Jones Industrial Average closed 15.55 points lower at 2,920.04 on moderately active volume of 177m shares. Shares had stood more than 20 points lower earlier in the afternoon.

There is still a great deal of uncertainty affecting stocks, primarily questions about how near interest rates are to peaking after last week's tightening and increases in both prime rates and the discount rate.

Financial markets need to see conclusive evidence either that the economy is growing at an inflationary pace or that it is beginning to react to successive tightening moves by the Fed over the last year. Until that evidence is available, trading may remain choppy. Bonds also turned lower yesterday.

The narrow range trading and rather anemic volume on Monday and Tuesday reflected some residual shock after last week's fall of nearly 80 points and a disappointing overall performance in February after

January's sparkling rally in all the major indicators. Figures provided by Shearson Lehman Hutton show that the Dow Jones Industrial Average fell 3.5 per cent in February, the S & P Composite was down 2.9 per cent, the AMEX Market Value Index 0.2 per cent and the NASDAQ Composite 0.4 per cent.

There was little reaction in markets to mixed news on personal income and consumption. The income figure was much larger than expected and included a strong rise in wages and salaries, a component of inflation which Mr Alan Greenspan, Fed chairman, has repeatedly expressed concern about in his recent testimony. However, the consumption figure was weaker than expected.

One ominous development was the publication of a split report by the National Economic Commission, charged to find ways to cut the budget deficit. Although the Commission was known to be deeply divided, its report served to underline the difficulties faced by the Administration and Congress.

Among blue chip issues, Procter & Gamble slumped 1 1/4% to \$87 1/4, International Business Machines dropped 1 1/4% to \$119 1/4, F.W. Woolworth fell 3/4% to \$51 1/4 despite

improved earnings and Ford lost an early gain to close 3/4% lower at \$51 1/4.

Long Island Lighting Company added 3/4% to \$14 1/4 after the company signed an agreement with New York Governor Mario Cuomo to close the Shoreham Nuclear Plant per cent.

Columbia Pictures Entertainment added 1/4% to \$17 1/4 because of speculation that Sony or other foreign companies might wish to buy the celebrated studio.

Texas Eastern gained 3/4% to \$50 1/4. The company has agreed to sell its oil and gas exploration and production operations to Britain's Enterprise Oil for about \$1.4bn. Texas Eastern has received takeover bids from Coastal Corp and Panhandle Eastern.

Ahlboms Industries jumped 3/4% to \$34 1/4 on news that BSN Corp has acquired more than 5 per cent of its common shares.

**Canada**

TUMBLING gold shares drove the Toronto market lower in lacklustre trading.

The composite index, which had risen about seven points in earlier trading, slumped 20.6 to 3,551.6 as declines outnumbered advances by 404 to 273 on light turnover.

**Interest rates history weighs on Germany**

Alison Maitland on the effect on Frankfurt of the Three Steps and a Stumble rule

IF HISTORY is anything to go by, investors in the West German stock market may be in for a hard time.

A rise in the discount rate, whether at today's Bundesbank meeting or in coming weeks, would be the fourth since the rate turned upwards in June 1988 after a period of stability at 2.5 per cent.

In four of the six occasions in the past 35 years when the Bundesbank has raised the benchmark discount rate at least three times in a row, investors "had difficulties making progress with their stock market investments," according to a study by Mr Gregor Gielen, senior vice-president of BHF Securities, the New York arm of BHF-Bank, the West German investment bank.

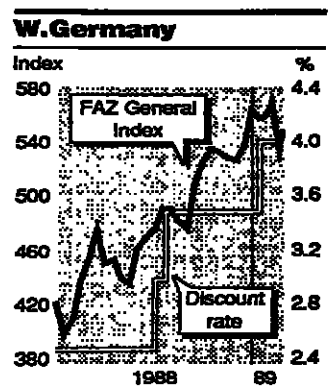
Even in the two cases where shares saw a decline in the stock market reached its peak within the following four months. Mr Gielen is not saying we

should extrapolate blindly from the past. After all, this latest series of increases could prove the exception, and economic conditions are different. But he does say this is no time for "investment heroes" - if you believe in the seriousness of the Bundesbank.

Indeed, fears of another rise in key interest rates have already been weighing on the German market for most of this year, with the market generally weak since the third rise in the discount rate - from 3.5 per cent to 4 per cent - on January 19, although it bounced up sharply yesterday. If the Bundesbank does make a move today, some analysts feel it is likely to raise only the 6 per cent Lombard emergency funding rate, while others expect both rates to rise. Could we already have entered a medium-term decline in the equity market?

Mr Gielen took as his starting point the rule known as "Three Steps and a Stumble" developed by Mr Edson Gould, the renowned US analyst, whereby the US market is usually in for trouble when the discount rate is raised three times in a row.

Applied to the German market, he found that in four cases (1955-1958, 1965-1967, 1969-1971 and 1979-1981) a third consecutive discount rate rise either



added to a decline in the stock market or broke an upward trend.

In the first case, it then took 13 months for the market to reach its low, in the second case it took eight months; in the third case the uptrend was broken although the market did not reach a low for two years; and in the fourth case the market reached a low five months later and took three years to escape from its trading range.

In the two remaining cases (1959-1960 and 1972-1973) share prices continued to rise after the third discount rate increase. In the former, the market reached a peak within four months from which it declined for two years and which it did not surpass for another 20 years. In the latter, the market fell back after four months and took three years to escape from its trading range.

The BHF study focuses on the discount rate because it

has a high profile and is easy to track. But the critical question for equities is whether the long bond yield rises above its current level of around 7 per cent, says Mr Gielen.

"In Germany, the long term bond yield rise is one of the most crucial points for the entire valuation of the market. As long as it is rising rather than falling, then it seems to be obvious that you don't need to own stocks." The yield yesterday on the federal government's recent 6 1/2 per cent 1999 bond was 6.96 per cent.

It is frequently argued that cash-rich German companies with low borrowings are unlikely to be severely dented by further interest rate rises, so the effect on the stock market should be limited. But if yields on long bonds account for any official interest rates higher - on the assumption that inflation is still rising - then equities could look less and less attractive.

**EUROPE**

**Opinions diverge over Bundesbank meeting**

THE WEST German market gave up worrying about today's Bundesbank meeting and climbed higher, but other bores remained nervous about interest rate moves, writes Our Markets Staff.

FRANKFURT rose sharply in more active trading, blowing away the worries about higher interest rates which have depressed the market for the past two weeks.

The reasons for the rise were not clear-cut and analysts remained divided about whether the Bundesbank will increase interest rates at its regular council meeting today, and if so, whether the 4 per cent Lombard rate alone will rise, or whether the 6 per cent discount rate will climb too.

Yesterday's securities repurchase pact put extra liquidity into the market but at rates above the Lombard emergency funding rate and last week's repo tender rates, and this was taken by some as a sign that the Lombard rate would be raised.

However, there seemed to be a general feeling that a rise in the Lombard rate was already discounted in prices. "The market is immune to any increase," said one salesman.

A rise in the high-profile discount rate would be another matter, although Citicorp Scrimgeour Vickers points out that any further differential between the two key rates would be unusual. The Lombard/discount differential has not been wider than 2 percentage points since 1988, it says.

A more fundamental reason for the market's gains may have lain in Deutsche Bank's conference for fund managers, where it unveiled bullish forecasts of 7.5 per cent corporate earnings growth this year and 10 per cent in 1990. There was also good news on the current business climate in a survey by the German employers' organisation.

The FAZ index gained 6.74 to 545.77 and the DAX closed 6.59 higher at 1,807.25 in volume worth DM3.34bn.

Daimler climbed DM19 to DM680. The stock has been seen as oversold and the group's chief executive said last week that the low rating of the shares was not justified by the likely size of the decline in 1988 earnings, due soon.

Insurer Allianz rose DM50 to DM1,740 on its agreement with Dresdner Bank for greater cooperation in product sales, news that was widely expected.

Dresdner added DM2 to DM368. PARIS was on hold as the caution of recent sessions tightened its grip, leaving volumes very low and share prices little changed.

The market was up about 1 per cent at midday in what was seen largely as a technical reaction to recent losses, but the CAC 40 closed off 6.40 at 1,574.67 and the OMF 50 index edged up 1.09 to 445.96.

The wait for news from the Bundesbank today crippled trading. One analyst in Paris said: "No one really knows what to do next."

Insurance group Midi was a feature again, rising FF13 to FF1,553, coming off a day's high of FF1,509. Analysts believe shareholder Generali will probably take its stake to 20 per cent in the next few months, adding some speculative interest, but much of the demand now is seen to be fundamental. Midi is expected to concentrate on its insurance activities, meaning probable sales of peripheral assets and short-term capital gains.

The assets disposal story added a speculative element to

Midi holdings, and property company Immeubles de la Plaine Monceau, 94 per cent owned by Midi, added FF120, or 5.4 per cent, to FF1,955, while Ciments Francais, in which Midi has a stake of about 13 per cent, put on FF19 to FF1,268.

MADRID saw the resumption of trading in Banco Central and Banesto after their three-day suspension for news of their failed merger. Share prices fell, with the general index off 0.85 at 268.61.

Central was steady at 950 per cent of nominal market value while Banesto gave up 2 points to 948 of par. One analyst said that while 370,000 Banesto shares changed hands in official trading, most deals were expected to be struck outside the official market. He thought the share prices would move

steadily lower over the next couple of weeks, supported by the banks themselves, and then fall substantially, with a floor of about 900.

STUTTGART gained ground in quiet trading, as investors kept one eye on events in West Germany and waited for today's Bundesbank meeting. The CBS tendency index rose 1.4 to 163.6.

Unilever gained 10 cents to FF 126.70 after its 10 per cent rise in profits on Tuesday. Fokker was up FF 1.10 at FF 34.30 on a press report it had won a FF 1.5bn order from Air Europe. Medicopharma rose FF 2 to FF 51.50 on takeover talk in the wake of the collapsed bid from Hagemeyer.

ZURICH took its cue from Wall Street and the firmer dollar, gaining ground in strong early buying. The Credit Suisse index added 4.3 to 588.9, off its highs as demand slackened towards the close.

SWISS BANK Corp came out with record annual profits, in line with expectations, but left its dividend unchanged. SBC bearers added SF4 to SF320, having been up SF5.

MILAN remained preoccupied with domestic concerns as the cabinet met to discuss the budget deficit. Share prices managed small gains on the day, with the Comit index adding 1.17 to 578.65. BNA dropped LI140 to LI2,000 in the wake of the stake taken by Credito Italiano.

BRUSSELS moved higher in the absence of a local interest rate rise, but trading remained cautious. The rise was partly a consolidation after sharp falls this week. The cash market index gained 25.82 to 5,890.25.

Holding company Gevaert, which announced a 3 per cent stake in Dutch insurer Aegon, rose BF400 to BF78,400.

STOCKHOLM edged upwards in light, mid-winter holiday trade, with the Afterswedish index up 1.9 to 1,083.7.

SKF, the ball bearings maker which reported a 32 per cent rise in 1988 profits on Tuesday, saw its free B shares gain SKR22, or 4.8 per cent, to SKR472.

OSLO was encouraged by higher prices for Norway's North Sea oil and the all-share index found 3.92 to 415.08. Saga Petroleum rose NKR5.50 to NKR124.50.

**ASIA PACIFIC**

**Recovery is short-lived as profit-taking sets in again**

**Tokyo**

AN EARLY show of strength evaporated as equities succumbed to profit-taking rather than concern over interest rates resurfaced, writes Michio Nakamoto in Tokyo.

Share prices rose early in the day with the Nikkei average up 254.16 shortly after the opening. The recovery was short-lived, however, and at the end of the morning, share prices had fallen back again.

The Nikkei average, which was down by about 150 points just before the close, was bolstered by arbitrage activity and finished the day down 21.30 at 31,964.30.

The day's high was 32,281.49 while the low was 31,780.86. Declining issues outnumbered those that advanced by 508 to 400 while an additional 166 issues were unchanged. Turnover slipped to 1.01bn shares from Tuesday's 1.19bn.

The Topix index of all listed shares dropped 3.47 to 2,443.76. Later in London, however, the ISE/Nikkei 50 index rose 4 points to 1,958.29.

The renewed strength in equities in morning trading was attributed largely to dealer activity. "When it looked like buying was not going to pick up substantially after all, they turned around and sold," said one analyst.

This pattern of early buying followed by quick selling has been apparent over the past few days. With interest rates rising looming, investors are wary of keeping positions for long and are out to make quick profits, analysts said.

They are likely to remain cautious for the time being, at least until it is determined whether the West German Bundesbank will raise the Lombard rate.

There were further gains for issues related to the environmental protection theme. Inter-

est stems from forthcoming international conferences on the issue. Ebara, which makes pumps and air controls and has advanced technology for pollution control, was the most actively traded issue at 33.4m shares, rising Y130 to Y1,840.

Nissan, the auto maker, advanced Y80 to a record high of Y1,590 during the day, but after profit-taking closed up Y10 to Y1,540. Nissan has seen strong sales of recent models and demand is expected to increase when prices fall after the elimination of a luxury commodity tax in April.

Pharmaceuticals posted strong gains. Yamanouchi Pharmaceutical added Y190 to Y3,720 and Daiichi Seliyaku increased Y130 to Y2,750.

The weakness of the yen hit bonds, which in turn depressed steel issues, which are interest rate sensitive. Kobe Steel dropped Y20 to Y880 and Nippon Steel lost Y7 to Y933 in spite of expectations that they would rebound once they have finished their financing.

Profit-taking hit issues that have risen recently on expectations that a new line for linear motor cars would be built. Fuji Electric, the second most heavily traded issue at 32.2m, dropped Y10 to Y1,180.

Investors took profits in Osaka and the OSE average dropped 125.12 to 30,149.66. Volume at 128.1m shares was slightly higher than the 125.41m traded on Tuesday. In spite of maintaining its strength in Tokyo, Nissan lost Y10 to Y1,540 in Osaka.

**Roundup**

NERVOUSNESS over possible interest rate rises remained in Asia Pacific markets, but share prices managed to end higher.

AUSTRALIA firmed on continued overseas demand, spurred by the prospect of currency gains, given the weak Australian dollar. The All

Ordinaries index rose 10.9 to 1,496.2, helped also by overnight gains on Wall Street.

Turnover was light, however, with some caution evident because of Tokyo's fall; only 55.5m shares worth A\$131.3m changed hands.

In industrials, News Corp rose 45 cents to A\$11.35. Other strong showings came from BHP, up 10 cents at A\$7.34 on turnover of 1.7m shares traded, and Elders IXL, up 4 cents at A\$2.93 with 2.5m shares.

HONG KONG traded nervously, with budget proposals of a half point cut in corporate tax to 16 per cent already discounted. The Hang Seng index added 23.49 to 3,037.07.

Turnover eased to HK\$1.34bn from HK\$1.4bn on Tuesday. Financial stocks firmed overall, but two exceptions were Bank of East Asia, which lost 30 cents to HK\$21.20, and Wing Lung, which reported 20 per cent higher profits on Tuesday but fell 50 cents to HK\$30.50.

Among property stocks, Cheung Kong rose 20 cents to HK\$10.50. Hongkong Land added 10 cents to HK\$11.10 and Sun Hung Kai Properties picked up 10 cents to HK\$14.40.

SINGAPORE recovered from early losses to end mixed on selective bargain-hunting, with the Straits Times industrial index off 2.54 at 1,105.77 in turnover of 43m shares, down from Tuesday's 60m.

There was still caution about the state of overseas markets and the interest rate scenario. Plantation stocks were active after a newspaper report that Harrison's & Crossfields of the UK was planning to sell its 30 per cent stake in Harrison's Malaysia Plantations. Harrison's, which also went ex-bonus yesterday, plunged S\$2.54 to S\$2.30.

Consolidated Plantations saw 3.3m shares traded and fell 9 cents to S\$2.50, while K.L. Kepong lost 26 cents to S\$3.22

**FT-ACTUARIES WORLD INDICES**

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY MARCH 1 1989				TUESDAY FEBRUARY 28 1989				DOLLAR INDEX		
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (89)	135.27	+1.0	116.30	112.22	4.83	133.95	113.84	111.48	157.12	91.16	103.16
Austria (88)	129.69	-0.3	110.20	96.25	2.61	101.41	86.25	96.02	101.45	83.72	87.33
Belgium (63)	130.52	-0.3	112.21	124.40	4.15	130.97	111.31	123.87	139.89	99.14	132.18
Canada (125)	131.05	-0.5	112.66	113.87	3.36	131.76	111.98	114.39	137.27	107.06	118.19
Denmark (59)	166.32	+0.4	142.99	161.63	1.85	165.99	140.73	160.12	180.38	111.42	116.95
Finland (26)	140.65	+0.1	120.92	126.90	1.43	140.50	119.41	125.73	147.07	106.78	108.18
France (130)	113.50	-1.0	97.58	111.18	2.92	114.64	97.42	111.49	119.98	72.77	86.40
West Germany (102)	84.66	+0.4	72.78	80.81	2.33	84.32	71.66	79.89	90.40	67.78	77.54
Hong Kong (44)	127.95	+0.9	113.40	128.13	3.73	129.85	107.80	127.03	137.90	95.00	95.00
Ireland (17)	142.14	-0.7	122.21	138.32	3.72	143.19	121.69	138.05	146.46	104.60	115.80
Italy (98)	79.52	-0.8	68.37	80.37	2.51	80.14	68.11	80.33	86.88	62.99	74.82
Japan (456)	123.46	+0.0	114.53	124.45	0.48	124.15	114.77	114.77	203.11	133.61	162.94
Malaysia (36)	153.85	-0.8	132.27	162.45	2.65	155.16	131.86	163.57	159.79	107.83	113.54
Mexico (13)	153.32	-0.4	131.82	394.53	1.30	154.00	130.88	394.01	182.24	90.07	176.90
Netherlands (39)	112.90	+0.0	97.06	106.20	4.65	112.86	95.92	105.98	115.04	80.90	103.90
New Zealand (24)	70.85	+1.2	60.91	60.73	6.37	69.98	59.47	59.79	84.05	63.32	65.00
Norway (26)	164.73	+0.2	141.62	150.42	2.09	164.38	139.70	149.37	170.76	95.55	112.00
Singapore (26)	137.99	-1.0	118.64	122.86	2.17	136.96	118.44	123.95	143.62	97.32	104.49
South Africa (60)	142.41	-0.9	111.21	112.03	4.26	129.86	112.45	112.45	147.07	89.26	125.40
Spain (42)	143.14	-0.9	123.06	124.76	3.86	144.49	122.80	124.90	164.47	130.73	141.47
Sweden (35)	152.49	-0.3	131.10	142.56	2.20	152.96	130.00	142.21	154.80	96.92	111.91
Switzerland (42)	127.95	-0.3	75.31	84.24	2.23	74.38	84.24	84.24	111.77	125.22	125.22
United Kingdom (314)	145.89	-0.3	125.43	125.43	4.39	146.30	124.34	124.34	152.54	120.66	132.42
USA (568)	117.07	-0.5	100.65	117.07	3.69	117.67	100.00	117.67	121.90	99.19	109.34
Europe (1006)	116.94	-0.3	100.54	106.72	3.60	117.28	99.67	106.94	120.88	97.01	105.84
Nordic (126)	145.11	+0.0	124.76	140.91	1.98	145.05	123.27	140.06	149.28	95.22	109.34
Pacific Basin (675)	13										